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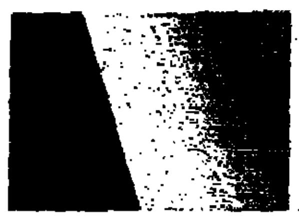

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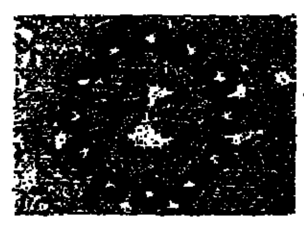
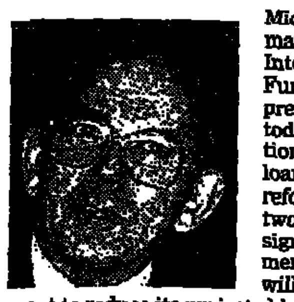


TOMORROW'S
Weekend FT
The secret cabal that runs Europe

World Business Newspaper — FRIDAY MARCH 10 1995 — D8523A

IMF and Yeltsin to finalise $6.4bn loan for Russia



Michel Camdessus (left), managing director of the International Monetary Fund, will meet Russian president Boris Yeltsin today to finalise conditions for a $6.4bn standby loan to support economic reform in Russia. The two men are expected to sign a joint policy statement in which Russia will enshrine its commitment to reduce its projected budget deficit and cut monthly inflation to 1 per cent by the end of the year in return for IMF assistance. The monthly inflation rate for February was 11 per cent. Page 22

S.G. Warburg to shake up US operations: S.G. Warburg, the UK investment bank whose chief executive resigned last month, is implementing management changes that will bring its US operations under stronger functional control and integrate securities activities. Page 23; Wall St acts to check derivatives, Page 8

Blow to German telecoms monopoly: Deutsche Telekom's monopoly on telecommunications services in Germany was shaken when the city of Frankfurt signed a deal with US company Metropolitan Fiber Systems to construct a fibre optic network providing banks and companies in Germany's biggest financial centre with alternative telecoms services. Page 22; $200m boost to French superhighway, Page 6

Nintendo and Sega, the Japanese companies which dominate the video games market, inflate their UK prices through monopolistic practices. Britain's Monopolies and Mergers Commission has ruled. Page 22

ABN Amro, the Dutch bank that made an unsuccessful attempt to take over parts of Barings, the collapsed UK merchant bank, posted a 12.9 per cent increase in 1994 net profit. Page 23; Going Dutch on finance, Page 20; Lex, Page 22

BTR, the UK industrial conglomerate whose shares fell heavily at the end of last year, announced better-than-expected 1994 figures. Page 23; Lex, Page 29

Rover chief joins Audi board: *Graham Morris,* managing director of Rover Europe, is to become the first British member of the Audi management board when he joins the executive car division of Germany's Volkswagen group as sales and marketing director. Page 23

Republicans unveil tax package: Senior Republicans in the US Congress proposed lower capital gains taxes and a $500-per-child income tax credit as part of a package of tax cuts promised in their manifesto. Page 8

FBI joins hunt for Karachi killers: An FBI anti-terrorism team was due to arrive in Pakistan last night to help investigate Wednesday's murder of two US government employees in Karachi, as Pakistani police continued their search for the two unknown gunmen. Page 5

Italy's centre party set to split: Italy's centrist Popular party is set to split at a meeting of its executive tomorrow to consider the move by Rocco Buttiglione, its leader, to link up with the rightwing alliance of Silvio Berlusconi. Page 2

Barclays, Britain's biggest bank, is returning to South Africa, nine years after leaving because of apartheid. It will focus on cross-border trade, corporate banking and serving the group's multinational clients with local interests. Observer, Page 21

Outcry over Japanese credit union rescue: Public outcry heightened over a controversial rescue package for two small Japanese financial institutions as a former president of one of the associations acknowledged his links with opposition party members and Ministry of Finance officials. Page 5

MPs question moral crusade: While Britain's tabloid newspapers get their teeth into another government sex scandal, some MPs are expressing concerns that a crusade for moral purity in politicians is out of touch with reality. Page 12

Bolshoi master quits: Yuri Grigorovich, the chief ballet master at Moscow's Bolshoi Theatre, has quit in protest against director-general Vladimir Kokonin's leadership.

Greek pensions protest ends in teargas: Greek riot police fired several rounds of teargas and scuffled with a group of about 1,000 senior citizens who were demonstrating in central Athens to demand higher pensions.

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	3,979.24	(+0.01)
NASDAQ Composite	785.63	(-0.18)
Europe and Far East		
CAC40	1,727.07	(-29.69)
DAX	2,001.64	(-23.57)
FT-SE 100	2,986.9	(-5.2)
Nikkei	16,783.08	(+141.77)

■ US LUNCHTIME RATES

Federal Funds	5½%
3-mth Treas Bills: Yld	5.869%
Long Bond	101
Yield	7.534%

■ OTHER RATES

UK: 3-mo Interbank	6¾%	(6½%)
UK: 10 yr Gilt	98⅞	(98⅜)
France: 10 yr OAT	94.86	(95.04)
Germany: 10 yr Bund	99.6	(99.65)
Japan: 10 yr JGB	102.859	(103.249)

■ NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$16.675	(16.79)

■ GOLD

New York: Comex		
(Apr)	$382.4	(380.9)
London:		
close	$381.6	(381.4)

■ DOLLAR

New York: lunchtime		
£	1.614	
DM	1.3965	
FFr	4.96575	
SFr	1.1697	
Y	90.4	
London:		
£	1.6188	(1.6235)
DM	1.3904	(1.3855)
FFr	4.852	(4.932)
SFr	1.1576	(1.1553)
Y	90.515	(90.645)

■ STERLING

DM	2.2508	(2.2494)
Tokyo close:	Y 91.95	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh16	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lev100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal (mainland)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Rubin moves to deter speculators ■ European banks signal support

Traders halt attack on dollar

By Peter Norman and Philip Gawith in London

The dollar had a respite from attack and the turmoil in the European Monetary System subsided yesterday as an internationally co-ordinated jawboning campaign to deter currency speculators entered its second day.

The US fielded Mr Robert Rubin, the treasury secretary, to sell the message that Washington wants a strong dollar. He told the US National Newspaper Association that the Clinton administration "believes a strong dollar is in America's national interest".

Increasing the administration's verbal support for the dollar, Mr Rubin said the administration was "fully committed to the sound monetary and fiscal policies necessary for sustained growth, low inflation, a strong and stable dollar and maintainance of the dollar as the world's principal reserve currency".

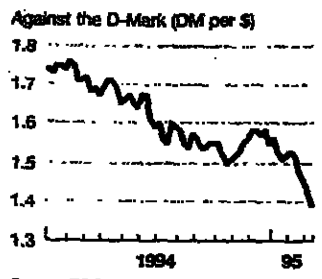
He said US policy was to "intervene when it makes sense". The US was consulting with allies in the Group of Seven leading industrial countries, he said.

Mr Rubin's remarks came less than 24 hours after similar efforts by Mr Alan Greenspan, the Federal Reserve Board chairman, and followed more supportive comments for the dollar currency from European officials and politicians yesterday.

The governors of the French and Swiss national banks said they thought the dollar's recent weakness had been exaggerated. In Europe, the verbal offensive included renewed support for economic and monetary union from Mr Jacques Santer, the commission president, and Mr Edmond Alphandéry, the French economy minister.

Dollar

Against the D-Mark (DM per $)



Source: FT Graphite

However, with no sign of any specific action to shore up the dollar, analysts doubted whether this week's rhetoric would underpin the US currency.

In Germany, where Mr Hans Tietmeyer, the Bundesbank president, suggested that next week's Bundesbank council meeting would study the options of lowering or raising interest rates, commentators were doubtful policy would be eased to relieve strains on the currency markets.

In the EMS, however, Ireland yesterday raised its short-term interest rates by half a percentage point, becoming the fifth member of the exchange rate mechanism to move to protect its currency this week.

Although currency trading remained busy yesterday, price movements were less volatile than earlier in the week. Analysts said the market was nervous following the recent sharp changes, with investors and traders unsure whether the D-Mark could sustain its upward move.

The dollar finished in London at DM1.3904, up from DM1.3855, on Wednesday. Worries about Mexico pulled it off its high in Europe for the day of DM1.4150. Against the yen it was little changed at Y90.515 from Y90.645.

The D-Mark firmed against most European currencies, but was below its highs of earlier in the week. Sterling traded in a narrow 1½-pfennig range, finishing at DM2.2508 from DM2.2494. It closed slightly lower against the dollar at $1.6188, from $1.6235.

In London, Mr John Major, the prime minister, told parliament he saw no prospect of the pound returning to the ERM "for some time".

Currencies, Page 35

Yen's rise forces up Japanese computer chip prices

By William Dawkins in Tokyo

Japan's top two semiconductor producers yesterday warned they were considering an increase in their dollar-denominated export prices to the US to compensate for the impact of the recent rise of the yen.

NEC and Toshiba, providers of 14.5 per cent of the world's semiconductors, gave the warnings as Kyocera, the world's largest producer of ceramic packages for integrated circuits, announced a 10 per cent export price rise, taking effect from next month.

Mr Kazuo Inamori, Kyocera's chairman, called on all Japanese exporters to join his company in lifting export prices. He argued that this would damage Japan's export competitiveness initially, but help reduce the trade surplus and put a lid on the yen.

The moves highlight the impact of the yen's strength against the dollar on Japanese exporters. The yen hit Y88.70 in Asian trading earlier this week, prompting Mr Takeshi Nagano, chairman of the Japan Federation of Employers' Associations, to warn: "With the dollar below Y90, Japanese industry has entered a crisis."

The planned price increases would squeeze margins at international computer companies and other electronics manufacturers, at a time when world demand for memory chips is rising rapidly. The two leading suppliers' example could also ease the way for similar price rises across the Japanese semiconductor industry, which has 42 per cent of the world market.

Kyocera's 10 per cent price rise roughly matched the increase in the yen's value since the company last set its export prices on the assumption that the Japanese currency would stay at Y100 to the dollar. The closing rate in Tokyo yesterday was nearly Y92 to the dollar.

Company officials said 36 per cent of Kyocera's turnover was from exports last year, which made it particularly vulnerable to the recent yen rise. They said profitability could no longer be

Continued on Page 22
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Mexican, Brazilian currencies under new pressure

By Leslie Crawford in Mexico City and Angus Foster in São Paulo

Latin American currency markets were in turmoil again yesterday as the Mexican peso plumbed new lows against the dollar and Brazil's central bank was forced to intervene to support its currency.

The Mexican currency slumped to 7.60 against the dollar in midday trading, against 6.99 on Wednesday's close. The government was forced to deny rumours that it intended to suspend full convertibility of the peso, which has now lost 55 per cent of its value since devaluation on December 20.

Brazil's central bank intervened at least 20 times yesterday in a bid to support its currency. But the Real, which has been under attack since a two-step devaluation was announced on Monday, remained stubbornly close to its permitted floor of 90 centavos to the dollar.

The peso's decline came even as short-term interest rates rose. The benchmark rate on 28-day Cetes rose by 8.29 per cent on the previous week to 57.99 per cent. Interbank rates rose to just below 75 per cent, which bankers believe will accelerate the risk of large-scale loan defaults.

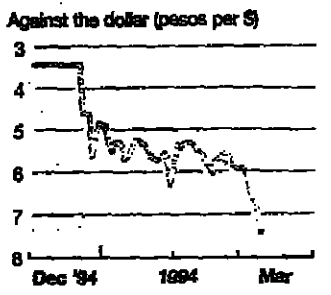
"We are drowning in boiling water," said the director of one of Mexico's leading banks. "The situation cannot hold for long." The finance ministry and Bank of Mexico yesterday promised to announce a new economic programme "very shortly", and officials denied that the new programme contained restrictions on the convertibility of the peso.

In Brazil, the central bank sold dollars in the interbank and commercial foreign exchange markets. Exchange rate uncertainty weighed heavily on the market and the Bovespa index fell 6.2 per cent by early afternoon.

The central bank has not said how much it has spent defending the Real this week, but traders say the total could exceed $2bn including contracts for future dollar sales. This compares to Brazil's estimated foreign exchange reserves of $35bn-$36bn.

Peso

Against the dollar (pesos per $)



Source: FT Graphite

Welcome for Queen Elizabeth on Belfast visit

Six months into the IRA ceasefire, Queen Elizabeth II speaks to construction workers at Lagan Bridge, which she formally opened at the start of her visit to Belfast. In Armagh, Ireland's ecclesiastical centre, she spoke of her hopes for the future in a province free of violence Picture: Reuter

Sinn Féin leader to meet Clinton on US fund-raising visit

By Jurek Martin in Washington, John Murray Brown in Dublin and John Kampfner in London

Mr Gerry Adams, Sinn Féin leader, is to meet President Bill Clinton next week at a White House reception on St Patrick's day after being granted a three-month US entry visa.

Mr Adams will also be allowed to engage in fund-raising activities while in the US after Sinn Féin, the IRA's political wing, promised proceeds would be used for peaceful political purposes and not to buy arms, a senior US official said yesterday.

The decision came as the Queen marked six months of peace in Northern Ireland by visiting the province for the first time since 1993.

British officials said the US decision was "irritating" and expressed disappointment at Mr Clinton's invitation. Earlier this week, Sir Patrick Mayhew, UK Northern Ireland secretary, said in Washington that he hoped Mr Adams would be barred from fundraising, and he warned it would be "dismaying" to British public opinion if he were pictured shaking hands "with the president of the greatest democracy on earth".

Mr Clinton decided to grant Mr Adams a visa on Wednesday if Sinn Féit made clear that the decommissioning of IRA weapons was on the agenda for future talks with British ministers.

That assurance was provided yesterday when Mr Adams said in Belfast that there could not "be a single issue agenda and no issue, including decommissioning, should be excluded from these discussions".

This is the first time the Sinn Féin leader has conceded that decommissioning will have to be tackled in the talks with ministers.

Sinn Féin had insisted that the weapons issue could only be addressed as part of an overall settlement.

An Irish government spokesman said the government "welcomed Sinn Féin's acknowledgement that it has a role to play in the issue of the decommissioning of weapons . . . the war is over".

The UK prime minister's office reacted cautiously to Mr Adams' statement about decommissioning, saying it would have to be considered very carefully.

The British government's position remained that ministers would not engage in face-to-face talks until Sinn Féin gave a commitment to serious discussions about decommissioning that led

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EU settles Europol differences

By Lionel Barber in Brussels

European Union ambitions to establish a cross-border European police intelligence agency took a further step forward yesterday, raising hopes of a deal at the European summit in Cannes in June.

At a meeting in Brussels, EU interior ministers removed obstacles to creating Europol. The agency will have powers to collect and analyse criminal intelligence outside the control of national police forces.

Mr Charles Pasqua, the hard-line French interior minister who chaired the meeting, said: "We have had decisive progress in the convention setting up Europol."

France has long held reservations about handing over high-grade intelligence on suspected drug traffickers, terrorists or organised crime gangs to a cross-border agency such as Europol.

But Paris has recently relaxed its stand under pressure from Germany which is pressing for wider co-operation to tackle cross-border crime such as car theft.

Mr Pasqua singled out agreement on a general information system, index and analysis, and the inclusion of terrorism within Europol's domain after two years. Access will be handled through national liaison officers, with disputes settled under a conciliation procedure.

However, the question of data protection, including rules governing the rights of citizens to gain access to files, remains unresolved. It is expected to be raised at an informal ministerial meeting in Paris next month.

Diplomats cautioned that sensitive issues such as Europol's accountability to the European Parliament, Court of Auditors and European Court of Justice remain unresolved.

Until the convention making Europol operational is finalised, the Hague-based agency's remit is limited to a handful of areas such as stolen cars and trafficking in drugs, people and nuclear materials.

Ministers moved briskly through business yesterday under the guidance of a firm but more emollient Mr Pasqua, wrapping up a deal on rules providing for minimum guarantees for asylum seekers.

But the question of arranging a fairer distribution of refugees in the EU proved harder to crack, with Germany complaining it is bearing an unfair share of the burden.

Today, justice ministers will adopt a convention on simplified extradition, the first to be adopted within the "third pillar" of Maastricht which is the new process whereby the 15 member states are acting in concert to tackle immigration and cross-border crime.

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Berlusconi tie-up may split centre party

By Robert Graham in Rome

Italy's centrist Popular Party (PPI) is likely to split at a special meeting of its national executive tomorrow to consider the move by Mr Rocco Buttiglione, its leader, to link up with the right-wing alliance of Mr Silvio Berlusconi.

The impending break-up of the PPI comes amid renewed uncertainties over the ability of the government of Prime Minister Lamberto Dini to obtain a majority in the chamber of deputies for its L20,000bn ($12bn) mini-budget, designed to reform public finances and boost the economy and the damaged lira. It also adds extra momentum to the move by all the political parties to link up with one of two broad alliances on the left and right. The PPI decision on Wednesday to ally with the the former prime minister caught party members by surprise.

But in less than 24 hours surprise had given way to anger and dismay as members realised the party, heir to the discredited Christian Democrats, risked extinction.

The main opposition from within the PPI comes from those who oppose any partnership at a national level with Mr Gianfranco Fini's rightist National Alliance. This is because the National Alliance has yet to distance itself sufficiently from the neo-fascist MSI, which was wound up last month. Less than two weeks ago Mr Buttiglione said links with the National Alliance were impossible because at a local level the old MSI was still too influential.

However, Mr Buttiglione was unrepentant yesterday, refusing to accept criticism that he had kept his colleagues in the dark about his negotiations with Mr Berlusconi. His associates argued the electoral system, with 75 per cent of seats allocated on a first-past-the-post basis, forced parties in the centre to choose between one of two broad coalitions on the right or left.

Mr Buttiglione, they said, would never have been happy with an alliance on the left, dominated by the former communist Party of the Democratic Left (PDS). Nevertheless, Mr Buttiglione has much explaining to do – not least why he was instrumental, with the populist Northern League, in tabling a no-confidence motion last December which forced the Berlusconi government out of office.

It is unclear how many will follow Mr Buttiglione's line. In the majority of the 15 regions alliances between the PPI and the PDS are already in an advanced stage of formation ahead of the April 23 regional elections. The majority of the PPI's 33 deputies are unlikely to back him and he could become a general without troops, manipulated by the more powerful Mr Berlusconi.

Despite his impending move to the Berlusconi camp, Mr Buttiglione insisted he would still back the Dini government's mini-budget in parliament. Mr Berlusconi and his alliance have since last Friday pledged to vote against it.

If the PPI breaks up on Saturday before next week's vote on the package of financial measures, this could once again place doubts about the Dini government.

Kozyrev pledge on mediators for Chechnya

By John Thornhill in Moscow and Bruce Clark

Mr Andrei Kozyrev, the Russian foreign minister, yesterday assured senior European politicians that his country would accept a long-term mission by international mediators to the war zone in Chechnya.

The promise, to the foreign ministers of France, Germany and Spain, appeared to open the way for approval of a trade pact between the European Union and Russia, which the EU has held up in protest over Russian actions in Chechnya.

However the mandate of the proposed mission by the Organisation for Security and Co-operation in Europe was still unclear, and there were doubts about how effective it could be unless there is a durable ceasefire.

Mr Kozyrev said Moscow had agreed to the OSCE exercise because it did not want Chechnya to become a barrier to its relations with the rest of the world. "We believe in the need for the expansion, not restriction of international co-operation, because this co-operation promotes economic and political reforms," he said.

President Boris Yeltsin also assured the visiting ministers that he was determined to "settle the Chechen crisis by political methods, establish democratic law in the Chechen republic and conduct free elections."

EU foreign ministers have said they are willingto reactivate the stalled trade accord with Moscow at their next formal meeting in April, as long as they receive satisfactory assurances over Chechnya.

Mr Alain Juppé, the French foreign minister, balanced criticism of the Russian army's behaviour in Chechnya with statements of broad support for Mr Yeltsin. He said the EU was "more determined than ever to promote economic and democratic reforms in Russia in a spirit of partnership."

Diplomats familiar with the work of the OSCE said they doubted that it could have much effect unless the Russian and Chechen forces decided to lay down their weapons.

Small OSCE missions already operate in two ex-Soviet war zones – Moldova and the breakaway Georgian region of South Ossetia – with loosely defined tasks such as "facilitating the establishment of a political framework for dialogue" between the conflicting parties. In both those regions, however, a ceasefire was well established before the OSCE's representatives moved in.

From left, the foreign ministers of Germany, Russia and France, Klaus Kinkel, Andrei Kozyrev and Alain Juppé take a stroll during their meeting in Moscow yesterday EPA

In the case of Chechnya, the 53-member organisation may also be given notional responsibility for easing the work of humanitarian relief.

Yet long-established humanitarian agencies such as the Red Cross, with far greater experience of delicate diplomatic missions in war zones, complain that they have been unable to secure access to prisoners of war or even negotiate the exchange of corpses.

During their talks in Moscow, the EU ministers were also expected to touch on the deteriorating situation in former Yugoslavia.

Russia's views on the conflict have in recent weeks diverged considerably from those of its western partners in the contact group.

Moscow is understood to feel that Serbia should be given early relief from sanctions in return for recognising a loosely structured Bosnian state, in which the Serb zone would be guaranteed the right to confederal links with Belgrade. Western governments feel the conditions for easing sanctions should be tougher.

EBRD lends more but profit is down

By Anthony Robinson, East Europe editor

The European Bank for Reconstruction and Development (EBRD) last year sharply increased spending and agreed higher future investment in projects throughout former communist Europe, Mr Jacques de Larosière, the bank's president said yesterday.

The bank, set up in 1991 to help finance the development of private companies and the market economy in the former Soviet bloc, made an Ecu1m ($1.3m) net profit, down from Ecu4m in 1993. Operating profits before provisions dropped to Ecu25m from Ecu44m. General administrative expenses, for which the bank was severely criticised in 1993, fell by 1 per cent last year to Ecu134.8m, below the 1994 budget provision.

Last year was the first full year under the leadership of Mr de Larosière, the former managing director of the International Monetary Fund. His predecessor, Mr Jacques Attali, was removed in 1993 after complaints of over-spending on the bank and under-spending on projects. Unveiling the 1994 results in London yesterday, Mr de Larosière said that the bank had "laid a solid foundation for further development and expansion" in its fourth year of operation.

The bank's signed loan and equity investment portfolio rose last year by 74 per cent to Ecu1.88bn, while the value of net disbursements increased 43 per cent to Ecu591m.

Last year 109 projects costing Ecu2.41bn were approved, bringing the total to 251 in 24 of the 25 countries covered by the bank's remit. Co-financing deals in 43 of the projects mobilised external funds of Ecu944.3m, the bank added.

One of the bank's highest priorities is to help privatise and restructure the financial sector in eastern Europe. Last year, the bank became involved in 44 new financial sector projects totalling Ecu927.8m, more than in any other sector.

NEWS: EUROPE

EUROPEAN NEWS DIGEST

Croatia rethink on UN force

President Franjo Tudjman of Croatia appeared last night to be close to reversing his decision to expel 12,000 United Nations peacekeepers from his country, according to the Croatian state news agency.

Mr Tudjman's decision not to renew the UN mandate, which expires at the end of this month, had heightened fears of a renewed Serbo-Croat war. UN officials yesterday welcomed Mr Tudjman's shift, while they remained cautious on the prospects for peace. "Croatian public opinion is being prepared for a turnround by Tudjman," said a UN official. "But we are not out of the woods yet," he added.

Croatia is considering acceptance of a revised UN mandate, which might provide for a reduced force of 4,000-6,000 peacekeepers. While most of the UN peacekeepers are now deployed on the confrontation line, the compromise envisaged by Zagreb would deploy most UN forces on the republic's borders, with only a token force manning the former battle line. But Krajina Serbs oppose any change of the UN mandate, in particular, the deployment of troops on Croatia's borders. This would isolate their mini-state from other Serb territories. Mr Milan Babic, a Krajina Serb leader, warned "any substantial change is out of the question".

Mr Yasushi Akashi, senior UN envoy to former Yugoslavia, yesterday warned that Bosnia's rival armies were preparing for more war, making a mockery of a ceasefire agreement due to expire on May 1. *Laura Silber, Belgrade.*

Bundesbank board jobs change

Portfolio responsibility in the Bundesbank board has been partially reshuffled to accommodate an eighth member, Mr Peter Schmidhuber, who joined the board on March 1, a Bundesbank spokesman said yesterday.

Mr Schmidhuber, a former EU commissioner, will take over a new department dealing with law, administration and construction. The Bundesbank president, Mr Hans Tietmeyer, formerly had jurisdiction over the legal department and another board member, Mr Gerd Häusler, handled administration and construction.

Mr Häusler is taking over a new department, currency trading and investments, which previously had been managed by Mr Helmut Schieber as part of the "foreign" department. Mr Schieber would in future run the department for "international currency issues, organisation and agreements", the spokesman said. *Reuter, Frankfurt.*

SPD urges bribery taxation

German companies will no longer be able to offset bribes paid to officials against tax if a draft legislation proposed by the opposition Social Democrats is passed by parliament. The draft law, which was presented yesterday by Ingrid Matthäus-Maier, the SPD's deputy parliamentary floor leader, is aimed at closing a gap between German criminal and tax law. Under this loophole, companies can currently deduct bribes as business expenses. The law merely requires them to give the tax authorities the name of the person accepting the bribe. This is to ensure that the recipient of the bribe can be correctly assessed for tax, with the bribe included, rather than to prosecute him.

Ms Matthäus-Maier described the current situation as "an unacceptable violation against the sense of justice" which was carried out to the cost of honest tax-payers. The number of cases of public officials prosecuted for corruption has risen drastically in recent years. In the city of Frankfurt alone the number of such cases rose from 900 in 1991 to more than 1,400 last year. In Munich during the same period the number of such cases rose from 30 to nearly 600. *Frederick Stüdemann in Berlin.*

Ireland reduces interest rates

Ireland's central bank yesterday raised its key interest rate by 0.5 percentage point, in a move to bolster the punt and see off the turbulence which has gripped currency markets since the start of March. It was the second rise in a week in the central bank's short-term facility, the rate at which the bank lends to commercial banks. Banks and building societies could now raise lending rates by more than 1 per cent. The move, which took dealers by surprise, failed to stabilise money market rates, with the key one-month rate rising to 7¾ per cent. The Irish economy minister, Mr Ruairi Quinn, said the interest rate increase was aimed at maintaining the punt's relative position in the European exchange rate mechanism. *John Murray Brown, Dublin.*

Dutch right wins regional polls

The right-wing Liberals, one of three parties in the ruling right-left Dutch coalition, won strong support in Wednesday's provincial elections to become the biggest party in the Netherlands. Mr Frits Bolkestein, the Liberal leader, said his party's electoral victory would have no effect on the national coalition. The Liberals captured 27.2 per cent of the vote, up from 15.7 per cent in the provincial elections of 1991. Labour, the senior coalition partner, saw support fall to 17.1 per cent from 20.4 per cent, while the third coalition party, the left-of-centre D66, suffered a decline in support to 9.2 per cent from 15.6 per cent. The Christian Democrats, knocked out of government at the national level in the May general election, won 22.9 per cent of the vote, down sharply from 32.6 per cent four years ago, but a slight improvement from the 22.2 per cent support in May. *Ronald van de Krol, Amsterdam.*

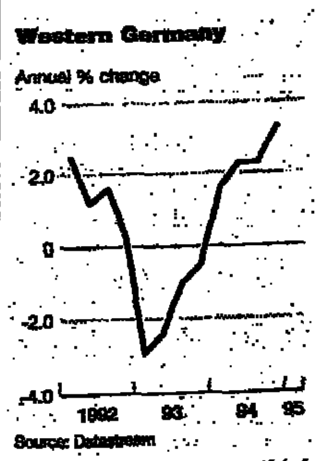
BBC World Service changes

BBC World Service radio is about to launch its most radical scheduling changes since the days of the old Empire Service in the 1930s in a bid to increase audiences and keep satellite television news channels at bay. The style will stay the same and such "trademarks " as the Lilliburlero music that introduces the news and the chimes of Big Ben will remain.

But for first time the single English-language programming from London will be broken up into five separate streams in different regions of the world to make scheduling more sensible across different time zones. The scheduling changes begin next month. *Raymond Snoddy, London.*

ECONOMIC WATCH

German recovery continues



The German economy grew by 3 per cent in the fourth quarter of last year compared with the same period of the previous year, the federal statistics office said. This was despite the fact that 1994 contained two fewer working days. "The economic recovery is thus continuing," it commented. The figure for gross domestic product over the full year was revised to 2.9 per cent from the provisional 2.8 per cent. This compared with a fall of 1.1 per cent in 1993. West Germany's GDP grew by a seasonally and calendar adjusted 0.5 per cent in the fourth quarter over the third quarter and was 2.5 per cent higher year-on-year. Growth was mainly propelled by exports, up by 9 per cent in west Germany in the fourth quarter over the same period of the previous year, and construction (up 9.6 per cent, helped by a mild winter). But personal consumption, by far the biggest component of GDP, eased by 0.1 per cent in the fourth quarter from a year earlier. In east Germany, fourth quarter growth was 9 per cent over the previous year's period; the full-year growth rate for 1994 was revised to 9.2 per cent from 8.9 per cent. *Andrew Fisher, Frankfurt*

The factory Russian reformers fear to close

Chrystia Freeland reports on the battle to save a former flagship of Soviet industry, the Zil car plant

In the glory days of the Soviet Union, a sleek black limousine produced by Zil was most prized symbol of status within the communist *nomenklatura*. Now that communism has collapsed, Russia's new entrepreneurial elites prefer to flaunt their dollars by driving imported Mercedes and BMWs and the Zil assembly line is at a standstill.

Zil, now in the midst of its third work stoppage this year, has been transformed from a flagship of Soviet industry into a sad example of the failure of Russia's economic reforms to turn around the country's manufacturing sector. The factory, which produced 250,000 trucks at its peak, last year turned out just 26,500. The workforce, once 120,000 strong, has dwindled to 70,000, not through an intentional programme of restructuring, but because Zil often fails to meet its wage bill.

"What is happening at Zil is happening at all big enterprises throughout Russia," said Mr Alexander Vladislavlev, a prominent centrist political figure with a talent for publicity who was ousted as president of the company last month after his rescue plan was rejected by shareholders.

"During the first stage of privatisation, controlling stakes in companies were sold for symbolic sums of money," Mr Vladislavlev said. "Formally, privatisation took place, but new owners, in full control of the companies and able to make investments, have not emerged."

Two private companies, Microdin and Oneximbank, together own 26 per cent of Zil, but control 35 per cent of voting shares, the largest single bloc. In addition the government, which is represented on Zil's board by Mr Yuri Luzhkov, the controversial and powerful mayor of Moscow, holds a 12 per cent stake.

Zil's problem is that neither the private shareholders nor the state have come up with the large capital investment necessary to put the factory on a competitive footing in the new conditions of a market economy which are tenuously taking hold in Russia. Mr Vladislavlev estimates the sum needed as more than $60m.

These difficulties are compounded because even the most radical of the free marketeers in the Russian government agree that Zil, as a provider of jobs for 70,000 Muscovites, cannot be allowed to go bankrupt. "You could set yourself the beautiful market task of transforming Zil into office blocks, but the problem is that Zil employs 70,000 people and they would be out of work," explains Mr Alfred Koch, a deputy director at the reformist State Privatisation Agency, and the man charged with the struggle of keeping Zil afloat.

Mr Koch, whose agency has made bankruptcy a religious cause where other factories are concerned, warns that closing Zil down is an "unrealistic policy".

He adds that "the shareholders are intelligent people, they would never take such a stupid decision".

This political consideration complicates decision-making where Zil is concerned, because the factory's one, clearly bankable asset is the valuable Moscow real estate,

The Zil, a former Soviet status symbol, is stuck in reverse

including apartment blocks and social infrastructure for its workers, attached to the faltering industrial behemoth. But, like all of the highly valuable land within Moscow, that real estate is at the centre of a political battle.

Russian President Boris Yeltsin, in one of the government's periodic efforts to bail out Zil, has ordered all the land to be given over to the complete ownership of the factory and Mr Koch says that selling some of the land could be a source of much needed capital. But Mr Koch says that Moscow city hall, which has defied the national privatisation programme and retained ownership of most land within the city, refuses to hand over the valuable real estate to Zil.

"Instead of trying to take over the factory, Moscow should help Zil in another way – by giving it the land," Mr Koch said. "With regard to the land, Luzhkov refuses to give it to Zil, he is just leasing it."

In the wake of Mr Vladislavlev's ousting in February, Zil's snakes' nest of problems has been entrusted to Mr Valery Saikin, an engineer who has spent most of his career at the plant. Mr Saikin is described as a classical Soviet industrial manager. Moulded by the days of central planning, Mr Saikin is a man who prefers the nuts and bolts of the assembly line to the balance sheets and public relations.

"Saikin is cut from a different cloth, he is a classical director who cares about his factory, suffers for it, gets nervous. He's a great engineer," Mr Koch says. "The problem is that he needs new financial directors, new PR men. If Saikin does not understand this, his shareholders will tell him."

Like Mr Vladislavlev, whose rejected rescue plan was based on a second share issue to raise additional capital, Mr Saikin hopes to rescue Zil by diluting the shares of the current owners and launching a second share issue. With the help of the European Bank for Reconstruction and Development, Mr Saikin is cobbling together a plan for a second share issue and plans to present it to a shareholders meeting on April 2.

German engineering pay deal angers employers

By Michael Lindemann in Bonn

The 3.8 per cent pay deal for Germany's engineering workers yesterday came under fire from employers.

The criticism came as the chemicals industry agreed a 3.9 per cent rise over 13 months.

The pilot agreement in the state of Hesse is likely to be adopted for 630,000 chemical workers nationwide and envisages a one-off payment of about DM220 ($157) for February and a 3.8 per cent rise for the year from March.

Mr Dieter Hundt, the chairman of the engineering employers in the state of Baden-Württemberg, said pay deal agreed this week had been "heavily criticised" by members of his association.

He said his association, which employs 600,000 engineering workers, was not sure whether it would accept the deal negotiated in the neighbouring state of Bavaria and which is supposed to be adopted by the whole of the German engineering industry.

The IG Metall engineering union meanwhile yesterday polled its members in Bavaria on the wage deal, saying it expected strong backing for the settlement which would bring an end to the first strike in the German engineering industry since 1984.

The engineering agreement is a benchmark for wage deals across Germany industry where settlements are negotiated on a sector-by-sector basis. Workers in the insurance industry secured a 4 per cent wage rise while a 3.6 per cent deal was agreed yesterday for 35,000 wood processing workers.

That leaves two big unions, the public sector and the construction workers, yet to agree a deal. The powerful ÖTV public sector union with 1.8m members, which begins talks later this month, is likely to demand a 6 per cent pay rise while the construction workers have said they want 6.5 per cent because their industry has been more profitable than other sectors in the economy.

The engineering deal, which may force the Bundesbank into an earlier decision to raise interest rates, had pushed chemical industry employers to offer a higher wage rise than they would have liked.

The sharpest criticism, however, came from the engineering industry executives who privately said they were furious about the engineering industry wage rise. "They are completely mad," one executive said, referring to the employers' association.

Van Miert threatens shipping rates pact

By Caroline Southey in Brussels and Charles Batchelor in London

Mr Karel Van Miert, the European commissioner for competition, yesterday threatened to impose fines on shipowners whose agreements to set cargo rates flout European Union competition rules.

Mr Van Miert said the Commission had taken "an attitude of restraint" towards shipowners but unless progress was made, it would lift their immunity from fines.

Shipowners have enjoyed exemption from EU cartel rules because their collaborative arrangements have traditionally been viewed by Brussels as benefiting their customers. But the Commission now believes some recent arrangements have damaged customer interests.

The Commission is seeking changes to the Trans-Atlantic Conference Agreement (TACA), a "conference" of shipowners which sets rates for shipments across the north Atlantic. TACA was introduced in October last year as a modified version of the Trans-Atlantic Agreement (TAA) which had set cargo rates and capacity limits.

Membership of TACA includes Maersk, Nedlloyd, A P Moeller and Hapag-Lloyd and was formed to put an end to large losses on the north Atlantic routes.

P&O, the British shipping group and a member of the TACA conference, said Mr Van Miert's statement had been expected for some time.

But the real test of the Commission's modified position will come when the European Court rules on a Commission decision to restrict TACA's rules on the landward section of a journey, from factory to port. Last year the Commission sought to remove TACA's authority to set rates on landward sections of a journey. Shipowners took the matter to the European Court, which is expected to announce its decision soon.

Mr Van Miert's comments were welcomed by shippers' organisations, which comprise the big customers. "Even in its amended form the TACA is not acceptable to shippers," said Mr Martin Richards, shipping director of the UK Freight Transport Association. "We will accept nothing less than totally free, unfettered agreements between individual shipping lines and their customers."

Mr Van Miert emphasised that the commission was "not looking for conflict" and that it might still be possible to reach agreement. But he said two years of talks had failed to bridge the gap.

Strong on dreams, weak on digits

FRENCH ELECTIONS
April 23/May 7

David Buchan on the economic policies of the 'big three' in the race for the Elysée

The French electorate now knows who the main presidential candidates will be, and at least on the economy, the main battleground, what their positions are. The definitive list of candidates will be set only on April 7, two weeks before the first round of voting. But the decision this week by former President Valéry Giscard d'Estaing and his former prime minister, Mr Raymond Barre, to follow Mr Jacques Delors in ruling themselves out of the race leaves only the "big three" – prime minister Edouard Balladur, Mr Jacques Chirac, and Mr Lionel Jospin – in close contention.

The publication of Mr Jospin's programme this week means that rough comparisons are now possible on what they are offering French voters.

However, the choices are not very clear, for two reasons. One is the absence of a clear-cut left-right divide. While Mr Jospin is patently on the left, his two rivals are gaullist, and gaullist economics, particularly in the hands of Mr Chirac, tend to wander all over the ideological spectrum.

The second reason is French presidential candidates deal more in dreams than digits, and tend to consider it beneath the dignity of the office they seek to set out anything as mundane as detailed costings of their economic proposals.

Mr Jospin has attached no price tag to his proposals. Mr Balladur did cost his proposals, at an extra FFr125bn ($25bn) over the seven years of a presidential term, but was promptly attacked by the Chirac camp for behaving like a pedestrian accountant or, even worse, the mere prime minister that he is.

Goaded by this, and the partly founded suspicion that Mr Chirac is trying to get away with looking as generous as Mr Jospin on the spending side and as restrictive as Mr Balladur on the revenue side, the Balladur camp took it upon itself to cost the Chirac cornucopia as amounting to an extra FFr500bn-FFr680bn over seven years. To arrive at this mega-bill Mr Chirac was even implicitly accused of trying to halt privatisation, when in fact only Mr Jospin wants this; all the mayor of Paris has called for is a switch in the use of privatisation receipts, from deficit to debt reduction.

Unemployment. All three give high priority to bringing down the record jobless rate, stubbornly stuck at 12.6 per cent despite two years of recovery and an estimated 3.5 per cent growth this year. None has made a numerical pledge, though Mr Balladur says he hopes to reduce unemployment by 200,000 a year.

But the prime minister's commitment to creating jobs is, in the eyes of his rivals, weakened by his near-equal commitment to mastering public deficits. This is key, he says, to lowering taxes, welfare charges and interest rates, and eventually unemployment.

Mr Chirac turns this equation on its head. "Do not forget that the deficits will not be mastered until unemployment, which costs us so dear, has been beaten." All three propose some further reduction in the welfare payroll taxes which, accounting for 41 per cent of total French labour costs, have long been recognised as the main culprit for pricing younger and lower-skilled workers out of jobs.

They all propose to shift the welfare burden more to the taxpayer and the state budget. The argument is over the pace of this shift. Mr Balladur is the most gradualist, but even his plan would load an extra FFr60bn on to the budget over seven years. Mr Chirac is more ambitious, because he would not only exonerate employers from charges if they hired the young and long-term unemployed but also give them a monthly payment for doing so.

For his part, Mr Jospin wants to create jobs by shortening working hours, to the extent of reducing the work week from 39 to 37 hours by 1997, and proposes make-work schemes to clean up urban blight and the environment.

Salaries. This is a curious electoral issue in an ostensibly free market economy where the state does not control private sector pay. But it has become an issue because, partly by holding down wages in recent years, French companies are now generally back in profit and most of them say they have more than enough cash to finance the investments they are making. Opinion polls, and to some extent strikes, show that workers feel they are now due a larger share of the corporate cake.

Both Mr Chirac and Mr Jospin accept the argument that if the state is to relieve companies of social charges, companies should pass on some of the savings to their workers, who as taxpayers will in any case have to shoulder the higher welfare bill. By contrast, Mr Balladur's advisers link pay to productivity.

Welfare spending. The big bill here is medical. France devotes more than 9 per cent of gross domestic product on health care, second only to the US. It has combined freedom for patients to shop around for the doctor that will prescribe all the medicines they want and a high level of state reimbursement for medical care. Mr Balladur has put a lid on health spending and wants to tighten it, while Mr Chirac rejects ceilings as arbitrary.

On the separate issue of the handsome family allowances that France has traditionally paid to encourage its war-depleted population to breed, Mr Jospin wants a more socialist system, giving more to the poor and less to the rich.

Taxes. These take 44.3 per cent of French national income, but in a unequal way. Loopholes excuse half the country from paying any income tax, which bears heavily on those who do, while investment income gets off relatively lightly.

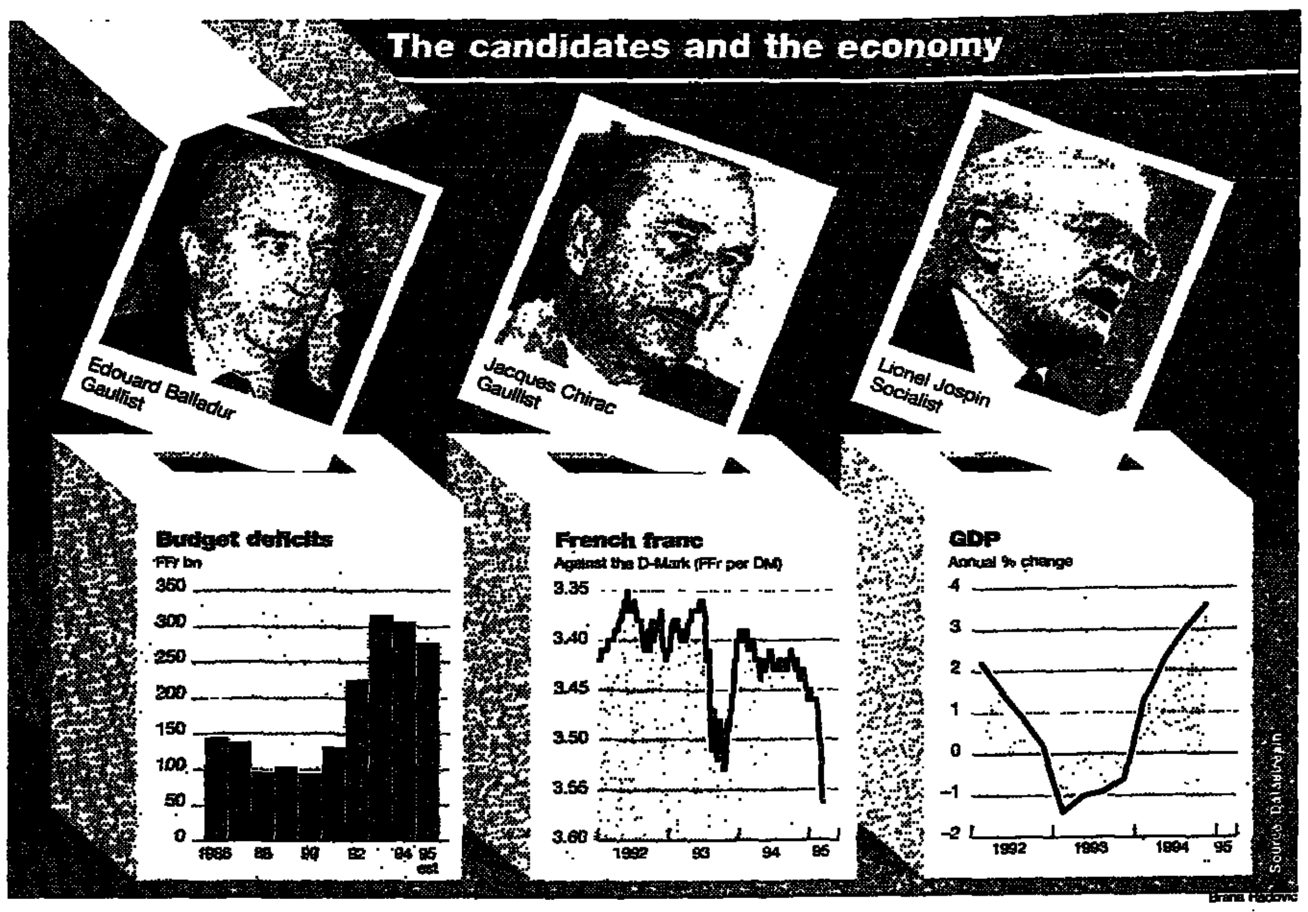
Mr Jospin's main concern is to tax investments in line with salaries. Mr Balladur says he can lower average income tax rates, without adding to the budget deficit, simply by closing loopholes; he should know because he created many of the 110 different exonerations when he served as Mr Chirac's finance minister in 1986-88.

Mr Chirac wants more drastic tax rate cuts, egged on by Mr Alain Madelin, the current minister for small business, who believes these rate cuts will more than pay for themselves. Together, they point out that tax rates fell but tax receipts rose in 1986-88, but conveniently ignore other factors, such as the drop in the oil price, that then helped the economy boom.

Deficits. Spread over seven years, the extra cost of even the Chirac or Jospin programmes would not be a really significant addition to a budget that already runs at FFr1,500bn a year – if it were not for France's commitment under the European Union Maastricht treaty to reduce its overall public deficit from 4.6 per cent this year to 3 per cent next year.

Mr Balladur has boxed himself in by, in deference to his strongly pro-European UDF supporters, calling for European monetary union (Emu) "by 1997, if possible". To underline his seriousness in preparing France for this, he has already frozen FFr20bn of this year's planned spending, and talks of a further FFr70bn cut next year.

Both Mr Chirac and Mr Jospin say they believe in Emu, but by not being specific about the date, they do not have to be so specific about shrinking the deficit. However, whatever their views of Emu's desirability and timing, all the main candidates know that to ignore the deficit issue would be to expose the franc to another battering.



CHIRAC'S LEAD IN POLLS GATHERS STRENGTH

Two opinion polls published yesterday showed Mr Jacques Chirac drawing ahead with a 6-7 percentage point lead over fellow Gaullist candidate, Mr Edouard Balladur, with the latter on level-pegging or just slightly behind the Socialist candidate, Mr Lionel Jospin, Reuter reports from Paris.

An Ipsos survey for the weekly Le Point suggested that Mr Chirac would win 27 per cent of the vote in the first round on April 23, followed by Mr Balladur and Mr Jospin on 20 per cent each. Taken on March 7-8, the survey suggested that Mr Chirac would beat Mr Balladur 55-45 per cent in a run-off, a reversal of their standings in the previous poll last month, and would beat Mr Jospin by 56-44 per cent.

Mr Balladur has been hit by factors including a phone tapping scandal, dissent in his cabinet and a spying row with the US. These have tarnished his image as a calm and competent manager.

A Louis Harris poll for the magazine Valeurs Actuelles gave Mr Chirac 26 per cent, Mr Jospin 22 per cent and Mr Balladur just 19 per cent in the first round of voting open to all candidates. The Louis Harris survey, taken on March 6, suggested Mr Chirac would beat Mr Jospin by a 56-44 margin and Mr Balladur by a 60-40 margin. The prime minister's first-round support fell by a spectacular 10 percentage points from the previous Louis Harris poll taken on February 4-5.

The Ipsos poll suggested 44 per cent of voters believed Mr Chirac would be the next president, up from 18 per cent on February 22, as he continues to make a spectacular comeback. Those believing in a Balladur victory crashed to 23 per cent from 48 per cent in the same period, and from an overwhelming 62 per cent on February 8. Just 14 per cent believed Mr Jospin would win, down from 15 per cent.

Balladur campaign hit by key desertion

By David Buchan and John Ridding in Paris

Mr Charles Millon, the parliamentary leader of the Union for French Democracy (UDF) centre-right alliance, yesterday drew bitter criticism from a majority of UDF leaders for his decision to endorse Mr Jacques Chirac in the presidential race instead of Mr Edouard Balladur.

Mr Millon's defection, accompanied by another 14 UDF deputies, plus Mr Balladur's plunge in the polls, is causing something close to mayhem within the UDF. Five of the six parties that make up the UDF, France's second largest political formation with 207 deputies, decided to back Mr Balladur when the prime minister was riding high in the polls.

They left behind a tiny rump, led by the federation's president, Mr Valéry Giscard d'Estaing, and its national assembly leader, Mr Millon, who have now found an even more effective way of taking their vengeance on Mr Balladur for effectively stealing their movement.

In a more roundabout way of attacking Mr Balladur, Mr Giscard d'Estaing said this week his ideal choice for prime minister would be Mr Alain Juppé, the foreign minister and Chirac supporter.

Ironically, two years ago Mr Millon turned down Mr Balladur's offer of the agriculture ministry on the grounds that, as a pro-European, he would be put in an impossible position by Mr Chirac's opposition to the Brussels position on the Gatt farm negotiations. Yesterday he said he had obtained "a guarantee that the Maastricht treaty would be scrupulously respected".

Other UDF politicians reacted with disbelief, given Mr Chirac's past inconsistencies on Europe. Mr François Léotard, defence minister, said Mr Millon was "continuing his descent into hell", while Mr Alain Lamassoure, European affairs minister, spelt out his belief that Mr Balladur was the only true European in the race.

ASIA-PACIFIC NEWS DIGEST

Lehman trader accused in NY

A 26-year-old foreign exchange trader at Lehman Brothers, the US investment bank, induced an employee of a Chinese trading group to make unauthorised derivative trades totalling more than $36bn (£22bn), it was alleged yesterday in documents filed in a New York court.

The employee, Mr Xiandong Hu, was encouraged by Mr Tim Potter, at Lehman's London office, "to engage in a frenzy of foreign currency trading" and he began to trade "both day and night with Lehman representatives in London, Hong Kong, New York and Tokyo," the documents suggest. The allegations are made by Minmetals International Non-Ferrous Metals Trading Company, a subsidiary of one of China's biggest trading organisations, in its counter suit in New York against Lehman Brothers.

Minmetals is seeking $28m compensatory damages and $100m in punitive damages. This was in response to Lehman's suit, filed in November, claiming $55.5m from Minmetals Non-Ferrous and its parent, China National Metals and Minerals, for debts arising from foreign exchange trading.

Lehman in the past has dismissed Minmetals' allegations as "ridiculous." *Kenneth Gooding, Mining Correspondent*

US hits at Japan on Burma aid

Japan has attracted US criticism for giving Y1bn (£6.8m) of farm aid to Burma in apparent defiance of an international freeze on large scale official development assistance to the military ruled country. Tokyo foreign ministry officials yesterday denied that the grant paved the way for full resumption of ODA to Burma, withheld since the 1988 coup, but the move comes as the latest reminder that Japan is cautiously sketching out a foreign policy in Asia, independent of customary US guidance.

Mr John Shattuck, US assistant secretary of state, in Geneva had called the food production grant a "mistake." He said Washington had reminded the Tokyo government of the Burmese military government's human rights record. The Y1bn was destined to help minority communities on the Buremese border buy fertiliser and agricultural equipment, said Japanese officials. A freeze on larger assistance for infrastructure projects would continue until Burma's human rights improved. *William Dawkins, Tokyo*

Taiwan draft budget approved

Taiwan's cabinet yesterday approved a draft budget for the next fiscal year padded by military purchases and infrastructure projects. Proposed central government spending for the year to June 1996 is set at some T$1,140bn (£26.7bn), up 10.9 per cent from a year earlier. Some T$120bn is earmarked to buy fighter aircraft and to construct a high-speed rail link from the capital Taipei to the southern port city of Kaohsiung.

Revenues are estimated at T$982.1bn, leaving a deficit of T$162.6bn. The shortfall is to be covered mainly by bond issues. The draft budget will be submitted to the legislature and a final version is expected to emerge by the end of May. The proposed budget was passed amid debate over strains on government resources posed by social welfare programmes. Mr Lin Chen-kuo, finance minister, was quoted as saying he did not yet know where the funds for a pension scheme for retired farmers now under discussion would come from. *Laura Tyson, Taipei*

Vietnam plans bill auction

Vietnam will in early April launch a trial auction of treasury bills to help finance a budget shortfall. A ministry of finance official said: "We plan to raise about 4,000m dong (£219m) for the whole year." The bills will be auctioned to foreign as well as Vietnamese banks before being made available to individuals, in the first move by Vietnam to create a primary and secondary market for such instruments.

About three quarters of the money raised through domestic treasury bill issues this year would be used to finance the budget deficit, with the remainder covering other debts. Mr Ho Te, finance minister, has become increasingly vulnerable since the last National Assembly meeting in October when deputies accused him of fiscal mismanagement. They said he should not have allowed Vietnam to chalk up a trade deficit which reached $400m (£246m) for the first nine months of 1994, the latest period for which statistics are available. Western economists say the gap has widened since then. It is believed Mr Ho Te may soon be replaced. *Our Hanoi Correspondent*

Ex-NZ auditor-general charged

The former watchdog of New Zealand's public finances appeared in court yesterday to face 20 charges of fraud and theft. Mr Jeff Chapman, former auditor-general, made no plea and was remanded on bail to appear again next month on condition he surrender his passport.

Mr Chapman resigned last year, citing personal financial difficulties incompatible with his public role. His financial dealings were subjected to an independent audit focusing on spending during overseas business trips and cash advances drawn on official credit cards. Mr Bruce McCallum, the auditor, concluded Mr Chapman owed the Audit Office over NZ$155,000 (£61,000). Charges, which Mr Chapman denies, were laid following an investigation by the Serious Fraud Office. *Reuter, Wellington*

■ The seasonally adjusted estimate of the number of Australians in work rose 75,200 in February to 8.16m, against 8.08m in January and 7.82m a year earlier. Unemployment fell to 8.9 per cent from 9.0 per cent in January and 10.4 per cent in February 1994, the Australian Bureau of Statistics said. *Reuter, Sydney*

■ A slide in lending by Japanese banks continued last month, with a 0.1 per cent fall in the total value of loans outstanding from a year before, the Bank of Japan said yesterday. The fall was the ninth consecutive monthly drop, though the rate of decline slowed slightly from January's 0.3 per cent. *Gerard Baker, Tokyo*

Outcry grows over Japanese credit union rescue

By Emiko Terazono in Tokyo

Public outcry over a controversial rescue package for two small Japanese financial institutions heightened yesterday as a former president acknowledged his links with opposition party members and ministry of finance officials.

Mr Harunori Takahashi, known for his speculative overseas property investments and former president of Tokyo Kyowa, one of the ailing credit associations to be bailed out, confirmed his links with Mr Keisuke Nakanishi and Mr Toshio Yamaguchi of the New Frontier party, the main opposition grouping. Mr Takahashi also admitted that he had entertained a finance ministry official by flying him to Hong Kong in a private jet.

The revelations further damage the credibility of the country's financial authorities, which had been trying to put together a rescue package using public funds to help the credit associations. At the time of the initial announcement of the plan at the end of last year, the regulators had claimed that the rescue was to maintain the stability of the financial system.

Mr Takahashi and Mr Shinsuke Suzuki, former president of Anzen, the other rescued credit union, yesterday both denied any wrongdoing. While they have been held responsible for injudicious lending that led to the nonperforming loans and have been charged with breach of trust, Mr Takahashi said deposit withdrawals and loans were examined by officials of Long Term Credit Bank (LTCB), their leading creditor bank, during 1990 and 1993. After LTCB terminated further lending to Tokyo Kyowa, Mr Takahashi said the Tokyo metropolitan government – official supervisor of the credit associations – was informed of transaction details.

Mr Takahashi's testimony could delay the implementation of the rescue plan as political wrangling over the issue is expected to continue. The ruling coalition and the NFP have used the case to attack each other – the government by stressing the opposition party's murky links with speculators, and the NFP by highlighting the government's unclear decision-making process over the bailout. Mr Yamaguchi has resigned as NFP deputy secretary-general while Mr Masayoshi Takemura, finance minister, has faced criticism in parliament.

The parliamentary budget committee yesterday decided to summon Mr Yasushi Mieno, former governor of the Bank of Japan, and Mr Tetsuya Horie, president of LTCB, to testify before the committee next Thursday.

Media criticism has centred on the use of public funds to bail out the handful of institutional and large retail depositors of the two credit unions. The Barings debacle, an unrelated event, has added to the debate as Japanese commentators have compared the Bank of England's refusal to bail out the merchant bank to the Japanese authorities' reaction to the two ailing institutions.

The Tokyo metropolitan assembly has postponed a decision on extending Y30bn (£200m) in low interest loans as part of the bailout. The new governor, who will be elected next month, will decide on what if any part the Tokyo city government will play.

FBI joins hunt for Karachi gunmen

By Farhan Bokhari in Karachi

An FBI anti-terrorism team was due to arrive in Pakistan last night to help investigate Wednesday's murder of two US government employees in Karachi, as Pakistani police continued their search for the two unknown gunmen.

But there were no signs that the worst outbreak of violence in the country's commercial capital may be about to end. At least seven more people, all Pakistanis, were killed in three separate attacks in different parts of Karachi yesterday.

None the less, the killings of the two Americans, shot in a minibus as they were being driven to work at the consulate, have sparked fears that foreign nationals could again become targets in the violence-plagued southern port city. Almost 1,000 people have been killed in Karachi's ethnic and sectarian violence during the past year.

The US yesterday announced a $2m reward for information leading to the arrest of the two gunmen. Mr John Monjo, ambassador to Pakistan, told reporters in Karachi that his country would do everything to apprehend the killers. "The terrorist murder of Americans overseas is also a crime under US law and the US government is empowered to pursue the perpetrators and bring them to justice," he said in a statement read outside the consulate.

Security was tight at the mission, which was guarded by Pakistani paramilitary troopers armed with machine-guns as well as by private security guards. Mr Monjo said security precautions had been tightened "in the past weeks and months" and would be strengthened even further.

Local officials conceded that in the absence of a clear motive behind the attack, it was hard to identify which group might be responsible. "There are few leads to pin the attack on anyone in particular," said one.

Among other possibilities, police are investigating reports that the killings may have been in retaliation for last month's extradition to the US of Ramzi Yousef, a suspected Iraqi terrorist accused of planning the 1993 bombing of New York's World Trade Center.

The city's large business community is worried that the attack may further harm the already damaged business environment. "Businesses will find it very hard to ignore the continuing violence. Real investments will certainly suffer," said one expatriate businessmen last night. Others said Ms Benazir Bhutto, prime minister, may face tough questions from US businessmen, whose funds she plans to try to attract to the country during a visit to the US next month.

Kieran Cooke adds from Singapore: Ms Bhutto, speaking yesterday in Singapore where she was on an official visit, sought to play down the level of violence in Pakistan's main port city. "I would emphasise that the crime and struggle for order is only going on in one part of Karachi. The irony is that in other parts, the city is flourishing," she said.

Pressure on China to relax austerity

Economists feel Beijing's policy is too cautious, reports Tony Walker

China Primer

China expects a further slowdown in economic growth this year but local economists are beginning to worry about the prospect of stagflation – falling rates of growth and continuing high inflation.

Mr Fan Gang, deputy director at the Institute of Economics of the Academy of Social Sciences, said there was a danger of "overcaution" in the government's efforts to manage the economy through a difficult phase.

Mr Fan was commenting on economic programmes unveiled this week at China's National People's Congress, or parliament, by premier Li Peng and Mr Liu Zhongli, finance minister. These emphasised the inflation fight and made clear that an austerity campaign would continue for the time being.

"So far, policies have been appropriate," said Mr Fan, but he added that if belt-tightening went on too long it would "not be good for the Chinese economy".

Mr Fan favours selective relaxation of credit restrictions to productive sectors and a stronger commitment to state enterprise reform. He believes the authorities are proceeding too cautiously.

Mr Li, in his state of the nation address, set as a target for 1995 a further slowing of the economy to 8 to 9 per cent growth, compared with 11.8 per cent in 1994 and more than 13 per cent in the two preceding years.

Western economists believe that actual growth in China's economy is two to three percentage points lower than the official figure because of distortions in statistics caused by inflation.

Figures for industrial output, which the State Statistical Bureau said yesterday rose 15.5 per cent in February compared with a year earlier, also tended to be overstated in terms of impact on growth in gross domestic product. Inventories in the state sector grew by 24.2 per cent last year to Yn175bn (£12.8bn) and a range of indicators released last week by the statistical bureau suggests economic activity may indeed be slowing faster than the government's overall growth figures suggest. For example, freight carried on China's overstretched transport system fell last year for the first time since 1989.

Steel production in 1994 registered its lowest growth in the 1990s of about 2 per cent. This was in spite of a reported 20 per cent increase in heavy industrial production. Electricity output also registered lower growth than in the previous boom years of the 1990s.

But western economists believe it would be a mistake for China to abandon its anti-inflation strategy too quickly because of concerns about a slowing economy and thus implications for employment at a sensitive moment politically.

China's political transition to a new generation of leaders to replace the ailing Mr Deng Xiaoping is weighing heavily on policy decisions. The transitional leadership is emphasising stability and consolidation. The anti-inflation fight is part of a nervous administration's attempts to deal with popular grievances.

"The problem is that the Chinese have a tendency to say that if the economy is not overheating, there is no problem with inflation," said a Western economic attaché. "But in developing economies inflation can persist long after GDP growth begins to come down."

Since the introduction of a "stabilisation programme" in mid-1993 to calm a runaway economy, China has been preoccupied with achieving an economic "soft landing", with growth slowing gradually and inflation being brought under control. However, inflation has remained stubbornly high.

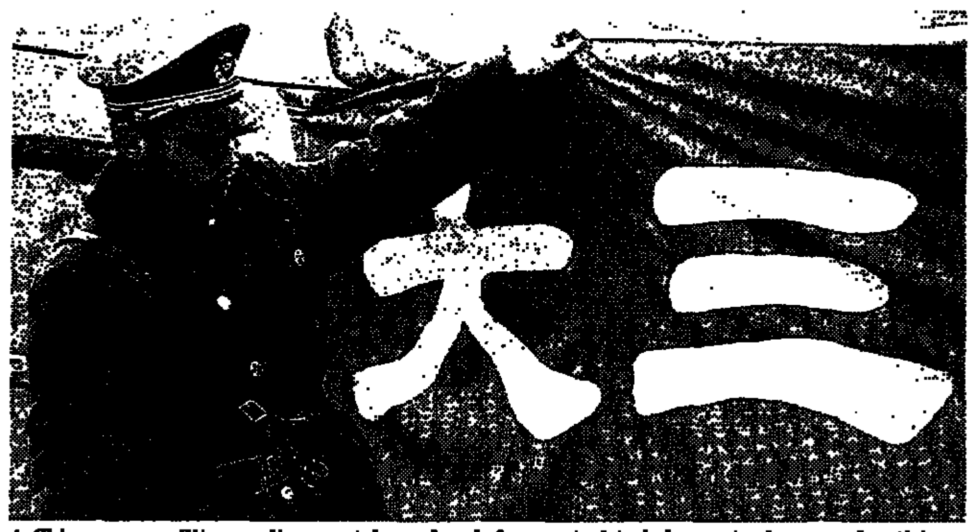
Consumer prices rose 24.2 per cent in 1994. Retail prices were up 21.7 per cent year on year. While there has been some slowing in the rate of price increases in the past two months, the problem is far from beaten.

Mr Fan said it appeared China had already achieved a soft landing, but inflation remained far too high. Consumer prices in China's 35 big cities were up 22.5 per cent in January compared with the same month a year ago.

Mr Fan expects economic growth this year to be about 10 per cent, slightly above the official planning figure; but he doubts that inflation will come down to the government's target of about 15 per cent. He expects pressures for a loosening of monetary policy to build in the second half of the year.

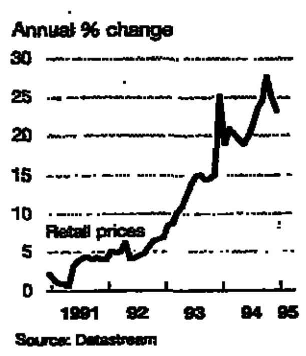
China has indicated that it plans to continue its austerity campaign through this year. According to this week's budget statement, new loans from state banks will rise by 18 per cent, substantially lower than the past few years. Further cuts in capital spending were also foreshadowed.

Beijing, it seems, faces a continuing, delicate balancing act between the need to curb inflation, and the risks of an economy beginning to slow too quickly. Voices such as those of Mr Fan which are calling for a selective easing of credit restrictions are likely to become stronger.



A Chinese paramilitary policeman takes a break from patrol to help erect a banner advertising a traditional dumpling restaurant in Beijing. The Chinese characters mean 'Big Three' Reuter

China's inflation



Source: Datastream

Rule of law 'vital to HK'

By Kieran Cooke in Singapore

Mr Chris Patten, the governor of Hong Kong, yesterday made one of his most forceful speeches to date on the importance of maintaining the rule of law in the colony.

During a visit to Singapore Mr Patten described the rule of law as "the guardian angel of Hong Kong's decency and the engine of Hong Kong's success". He said as long as the rule of law survived after China's takeover of Hong Kong in 1997, the colony would prosper.

"Freedom under the law is not just a slogan in Hong Kong," said Mr Patten. "It's our history. It's our life."

Mr Patten said Hong Kong's laws had allowed a market economy to flourish and were a vital element in building a business friendly environment.

The Hong Kong governor also talked of the need not only to have an open economy but also a society open to ideas. "Free exchange of goods: free exchange of ideas. The two should go hand in hand," said Mr Patten.

Mr Patten's speech was seen as being directed not only at China but also at Singapore.

Singapore, which has close relations with China, has criticised Britain's handling of relations with Beijing. In a speech in Hong Kong two years ago Mr Lee Kuan Yew, the republic's senior minister, attacked Mr Patten's emphasis on guaranteeing certain political freedoms in Hong Kong. Mr Lee had hinted there was a western conspiracy to force China down the path of democracy which could jeopardise onward economic growth.

Mr Patten said having political freedoms, being able to speak and demonstrate, had not hindered Hong Kong's economy. "Freedom stunts growth? Who are you kidding?" he asked.

While in Singapore Mr Patten had an hour-long meeting with Mr Lee. Mr Patten said they had differences that went back a long way but these did not hinder discussions.

Seoul's graduation claimed as a signal success

South Korea departs from World Bank nest

By George Graham in Washington

South Korea is to become the World Bank's latest graduate after signing its last loan agreements with the international development institution this month.

When South Korea joined the World Bank in 1955, its annual per capita income stood at only $100 and it was eligible to borrow from the International Development Association, the World Bank affiliate which provides loans at heavily subsidised interest rates to the poorest countries.

But the country has been a donor to the IDA since 1978, and it long ago reached the level of development at which the World Bank normally starts phasing out lending.

Its per capita income, estimated at $7,570 in 1993, stands well above the $4,866 per capita level which is usually considered the cut-off for World Bank eligibility. South Korea, the 12th largest economy in the world, has been slower to leave the World Bank nest than countries with lower incomes such as Barbados, which graduated in 1993. Bank officials said, however, that lending could continue above this income level to meet development needs or if a country would not otherwise have access to capital.

Nevertheless, World Bank officials were quick to claim Seoul's graduation as a signal success for their institution. "It stands as compelling evidence of what can be achieved when a country adopts sound economic policies and makes full use of the services the Bank has to offer," said Mr Russell Cheetham, the World Bank vice-president for east Asia and the Pacific.

In all, South Korea has borrowed around $8bn (£5bn) from the World Bank, and has $2.8bn in loans outstanding today. Much of the lending has been for infrastructure projects including the last two loans: $100m and $75m for urban transport and waste disposal in Pusan.

Since South Korea started borrowing from the World Bank, infant mortality has dropped from 62 to 17 per 1,000 births and life expectancy has risen from 54 years to 70 years.

Dangers of 'cut-throat' rivalry

Call for rules on contracts in third world

By Nancy Dunne in Washington

Transatlantic co-operation is necessary to agree new "rules of the game" to prevent ruinous "cut-throat" competition by multilateral companies and their governments in third world markets, a senior US official said yesterday.

Mr Jeffrey Garten, US commerce undersecretary for international trade, in a speech prepared for delivery in New York, said competition in the emerging markets could easily lead to "a rapidly inflating spiral of inducements" by governments seeking to help their own companies secure contracts.

"It is not in the interest of industrial nation taxpayers, and not in the interest of the BEMs (big emerging markets), which would find it much more tempting to undertake projects that would not make economic sense under market rates and conditions," he said. "Nor is it in their interest to build up excessive debt, even if at very low interest."

Hard feelings arising from such competition could easily undercut the co-operation needed to set "a common agenda of more open trade," he said. This could undercut foreign policy and security co-operation as well.

Mr Garten called for rules such as the export credit guidelines agreed in the Organisation for Economic Co-operation and Development. Similar deals could be reached on offsets, industrial co-operation agreements and other incentives.

He said the US and Europe must develop a common vision for the 21st century based on the realities of mushrooming trade, trillions of dollars of capital flows and new information technologies.

"A vision for the future of transatlantic commerce must go beyond the platitudes of more co-operation, and beyond the efforts to deal with a series of agenda items," he said. "It must supersede merely more trade and investment, and come to grips with the nature of economic and social integration in advanced industrial nations."

As it prepares for further economic integration, Washington is restructuring its foreign and commercial service to focus resources on the EU as a whole.

The US will promote expansion by American companies from the UK, where it holds 11 per cent of the import market, to the rest of Europe, where its share is only 6 per cent. "The initial focus will be to boost US market penetration in Germany, France, Italy and Spain," Mr Garten said.

Small and medium sized companies will get the bulk of the assistance in four sectors: aerospace, environmental technologies, information technologies and power generation and transmission.

$200m boost to French superhighway

By John Ridding in Paris

France Télécom, the state-owned telecoms operator, yesterday demonstrated its intent to play a leading role in the development of a national information superhighway, announcing it would invest about FFr1bn ($200m) in trial services and projects within the next four years.

Mr Charles Rozmaryn, managing director, said the planned investment was a measure of France Télécom's ambitions in the field and of the stakes involved. But he stressed that the state-owned operator would adopt a pragmatic approach which would involve the formation of partnerships and experiments in infrastructure and services.

According to France Télécom, experiments would take three forms: construction of networks, development of intermediation platforms which connect service providers with clients, and the services themselves. About half of the planned investment is expected to go towards expansion of a fibre-optic cable network.

The experiments are due to start in the second half of this year. Initially they will comprise services for the mass public and businesses, educational and public services and audio-visual projects, such as home shopping. At first the services will use the existing telecoms infrastructure. More sophisticated networks, including a broadband ATM network will also be used, however, while the aim is to connect 50,000-100,000 households to fibre optic cables from the end of 1996.

Yesterday's announcement is the latest step in the French government's plans to develop a nation-wide *autoroute d'information* by the year 2015.

Last week Mr José Rossi, the industry minister, said that 49 projects from a total of more than 600 applications had been selected to launch the country's information superhighway trials. Of these, nine projects were advanced by France Télécom.

The level of response reflects the strength of interest by French industrial groups seeking to expand into communications and media services. But some of the bigger players have seen their proposals stalled. These include the two utilities giants, Générale des Eaux and Lyonnaise des Eaux, which had proposed to offer telecoms services through their cable television networks.

Icy US-EU relations freeze up WTO

Guy de Jonquières and Nancy Dunne on the failure to find a head for new trade body

When Mr Peter Sutherland announced last spring that he wanted to step down as director-general of the General Agreement on Tariffs and Trade, diplomats in Geneva decided to break with tradition in appointing his successor at the new World Trade Organisation.

Like all his predecessors in Gatt's 47-year history, Mr Sutherland is a European, named after close behind-the-scenes consultations between the world's main trading powers. But the WTO head, it was agreed, should be chosen in an open contest.

If the aim was to get the WTO off to a flying start, it could not have backfired more disastrously. The contest has been deadlocked for months, underlining deep regional divisions in the global economy and creating severe strains between the WTO's biggest members.

Nowhere more so than between the US and the EU, the WTO's politically most powerful players. Unless they can agree on a candidate, the consensus needed to settle the appointment cannot be achieved – a point repeatedly made by Mr Sutherland in his recent efforts to engineer a transatlantic compromise.

But one senior European official said this week that EU-US disagreements on the issue ran so deep that normal communications had almost dried up, jeopardising their whole future relationship.

The climate has deteriorated sharply since the withdrawal 10 days ago of Mr Carlos Salinas, the former Mexican President whose WTO candidacy was backed by the US and most other governments in the Americas. That reduced the field to Mr Renato Ruggiero of Italy, the EU contender, and Mr Kim Chul-su of South Korea, who is supported by much of Asia, including Japan.

Or so it seemed until the Clinton administration began sending confusing messages about its intentions. One senior official declared Mr Ruggiero and Mr Kim unacceptable and called for the contest to be restarted from scratch. Another accused Mr Ruggiero of being "too protectionist".

Still other officials have said the US is ready to let the selection process continue and does not plan to veto the two existing contenders. However, rumours are also rife that Washington is casting around for a fresh candidate, though it has yet to name one.

These uncertainties have angered and perplexed trade diplomats in Geneva. All the signals from Washington are totally contradictory," one said yesterday.

The confusion is blamed partly on poor co-ordination in the administration. But EU officials also fear it reflects growing anti-European feeling, particularly on the part of Mr Mickey Kantor, the chief US trade negotiator, who is believed to be Mr Ruggiero's firmest opponent in Washington.

Mr Kantor has not expressed his views publicly. However, officials believe he may still be smarting over US-EU clashes in the Uruguay Round trade talks, notably on agriculture and audio-visual services. Mr Kantor has also been angered by criticisms by Sir Leon Brittan, the European trade commissioner, of US trade tactics towards Japan and China.

Sir Leon's energetic championship of Mr Ruggiero has aroused suspicions that Brussels wants him at the WTO to do the EU's bidding. Mr Ruggiero is widely held to have made a poor impression when he visited Washington late last year.

Officials on both sides of the Atlantic say relations between Sir Leon and Mr Kantor – never warm – have turned icy. That poses a serious problem, since theirs is the highest level of regular dialogue between the US and the EU.

Some European officials have hinted they might be prepared to reconsider their backing for Mr Ruggiero if the US showed readiness to negotiate in good faith. However, one said: "There is no communication, and Washington seems to feel it's not worth having any. The US has made it impossible for us to enter a compromise process."

Even if such negotiations were possible, the two sides would still have to unite behind one candidate. The only name on which they would almost certainly agree is Mr Sutherland, who is currently in the US. But he has repeatedly said he wants to step down as soon as possible.

Some observers believe Mr Sutherland might be persuaded to stay longer if implored to do so by leaders of the most powerful WTO member governments. However, that would pre-suppose a meeting of minds between the US and the EU, which still appears remote.

With Mr Kantor in China until Tuesday and Mr Sutherland due to quit on Wednesday, the WTO may well find itself leaderless for an indefinite period. That would not only be a serious setback for the world trade agenda. It would risk turning frictions between the US and EU into a running sore.

India near order for up to 60 Hawk jets

By Bernard Gray, Defence Correspondent

India is close to ordering up to 60 British Aerospace Hawk training jets in a deal worth more than £1bn ($1.6bn). The Hawk is competing against the French Alpha jet, manufactured by Dassault, and an update of the Russian MiG 21. However, the Hawk is said to be the clear front-runner in the contest and a deal may be signed within weeks.

British Aerospace is understood to have offered to progressively transfer production of the Hawk to India. Initially, complete aircraft would be supplied from the company's Warton and Brough plants in northern England. Subsequently sub assemblies would be supplied for assembly in India and finally components would be sent to allow complete aircraft to be assembled.

India has struck similar deals before, and has built over 100 of the Anglo-French Jaguar strike aircraft under licence. The country is also licenced to manufacture Russian MiG 21s and the advanced MiG 29 fighter.

BAe would not confirm that a deal was close but said that it had been in discussions with the Indian government for some time. The Hawk is the leading international jet training and light strike fighter, and BAe have sold the aircraft to the US, Saudi Arabia, Malaysia and Indonesia among others.

Because training aircraft are used more heavily than combat fighters, a low cost of flying is an important consideration for potential buyers. The Hawk is thought to have a lower cost of ownership than either the French or the Russian competitors.

Reuter adds from Paris: GEC Alsthom, the Anglo-French engineering group, has signed contracts worth £40m ($66m) with the Power Grid Corporation of India to supply a high voltage direct current convertor station to link the eastern and southern regions of India's electricity network.

OECD Export Credit Rates

THE Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially-supported export credits for March 15 to April 14 1995 (February 15 1994 – March 14 1995 in brackets).

D-Mark	7.91 (8.07)
Ecu	8.76 (8.94)
French franc	8.77 (9.03)
Guilder	
up to 5 years	8.00 (8.15)
5 to 8.5 years	8.30 (8.40)
more than 8.5 years	8.75 (8.80)
Italian lira	11.31(11.40)
Yen	4.70 (4.70)
Peseta	12.37(12.68)
Sterling	9.63 (9.73)
Swiss franc	6.34 (6.39)
US dollar for credits	
up to 5 years	8.25 (8.66)
5 to 8.5 years	8.37 (8.76)
more than 8.5 years	8.44 (8.79)

These rates are published monthly by the Financial Times, normally in the middle of the month.

A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days.

SDR-based rates of interest are the same for all currencies. For the period from January 15 to July 14 1995, the SDR-based rate will be 7.35 per cent. It replaces the previous rate of 8.85 per cent. The SDR-based rate will again change on July 15 1995

Thais reject bid terms criticism

By William Barnes in Bangkok

The Thai government has said its controversial June 30 deadline for the first round of bids to build and operate power generators stands despite complaints that the bid procedures leave too many uncertainties.

The tenders to provide 3,800MW of electricity by the year 2002 represent a big step in the gradual privatisation of Thailand's state-owned electricity industry, and has aroused the interest of 43 international power generators, local construction companies, and potential lenders.

However, several potential independent power producers said uncertainties abound, particularly over the issue of obtaining guarantees of gas fuel supplies from the Petroleum Authority of Thailand before negotiations with the Electricity Generating Authority of Thailand (EGAT), start at the beginning of May.

Mr Hisatsugo Sirai, assistant general manager of the Japanese company Marubeni, said the project was "unbankable as it stands." Such opinions are rejected by Mr Piyasvasti Amranand, secretary-general of the National Energy Policy Council: "I don't think the terms are all that tough."

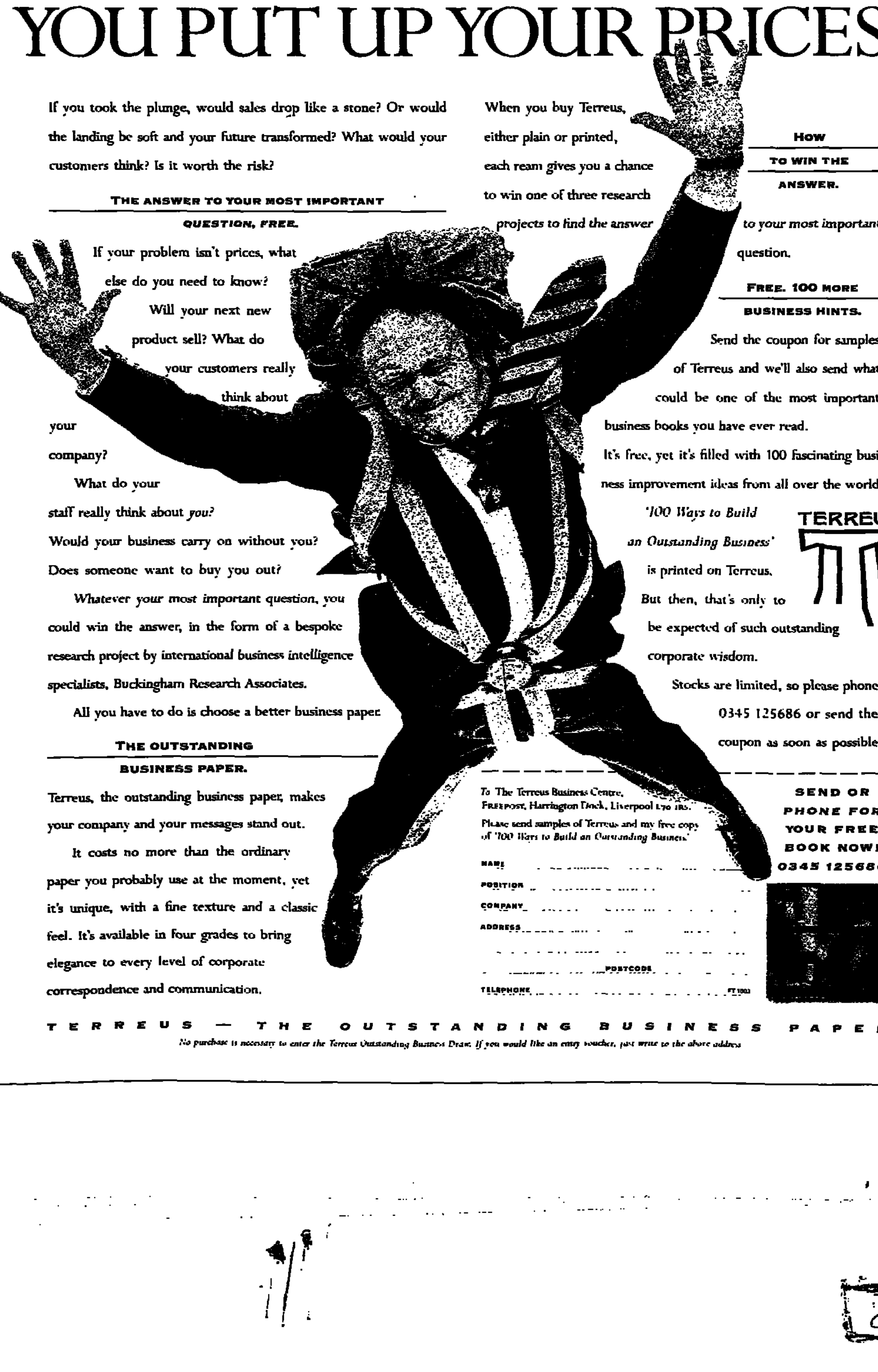
Mr Piyasvasti added the worries boiled down to a few basic areas including pricing, cost escalation, interest rate risk and what happens when EGAT, is privatised. "If they don't like something they can make counter offers - it's not really possible to include every concern in the model (agreement)," he said.

EGAT's governor Mr Somboon Manenava said any delay could disrupt plans to have 1,000MW of generating capacity in operation by the year 2000.

He said bidders could always wait for the second round of negotiations for smaller projects to supply the remaining 2,800MW of capacity by 2002. However, both bidders and government officials have said that companies that get a foot in the privatisation door early on will stand a better chance of winning later contracts.

The process was delayed several months last year after the original draft document was criticised – leading to amendments over, for example, *force majeure* conditions that would have made it easy for EGAT to take over projects that slipped below contractual obligations.

The Asian Development Bank has calculated that Thailand needs to invest $22bn by 2000 to meet projected electricity demand which is currently climbing by 11 per cent a year.



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ITALIAN PACKAGING MACHINERY INDUSTRY

The Italian packaging machinery industry: a world leader with growing shares in the market, thanks to its traditional success in satisfying market demands, while providing personalised solutions

THE REASONS OF A LEADERSHIP

Italian packaging machines are in use in over 150 countries, mostly in European markets, the U.S. and Japan, as well as in the newly industrialised countries of Asia.
Also of special importance is the use of Italian machines in countries striving to improve their living standards, from the CIS to the other nations of East and Central Europe, as well as China, Latin America and the more developed industrial regions of Africa.
Today one out of four packaging machines on the international market is made in Italy.

A successful tradition. The reasons for this success can be traced within its historical and geographical roots.
The first businesses were formed in Bologna at the beginning of the 19th century.
As true pioneers, the first industries were well ahead of their time in identifying two fundamental demands of the market: the strategic importance of packaging in the market of products of large consumption; and the need to adapt packaging machines to fit the particular requirements of each customer.

Customisation. On the basis of this tradition, the Italian-packaging machinery firms offer a complete range of products on the world market. The systems and the machines they plan are tailor-made to fit specific customer needs, using innovative technology and new materials at every level of the production process. Furthermore, the highest levels of service are guaranteed by a continuous and stable contact between producers and customers.

Non-stop research. The major part of the people working in the Italian packaging machinery sector is employed in research, development and maintenance.

They work on two fronts. On one side they develop an increasing number of complete and automatised lines. On the other side they create user-friendly machinery which requires less maintenance and can be integrated into the users already-existing production and inspection systems.
According to a survey carried out by the Harvard Business School, Italian packaging machinery is an "happy combination of artistry and technology".

***Competition* and competitiveness.** The Italian packaging machinery sector is mainly composed of small and medium sized companies. So competition is very strong and represents a continuous stimulation for the improvement and innovation in products and services, customer orientation, flexibility and good quality-price ratio.
This is the basis for the competitiveness of the sector on the worldwide market.
Such a simple and, at the same time, sophisticated structure quickly became a strong success factor when Italian entrepreneurs begun to cross over the frontiers.
Export has become so important that Italian packaging machinery industry is going to achieve a position of leadership on worldwide market.

The trend of the Italian industry of packaging machinery (value in *million U.S. dollars)*

	1992	1993	△ % 93/92
Turnover	1,621	1,824	+12.5
Export	1,123	1,494	+33.0
Deliveries on the Internal market	498	330	−33.6
Import	178	203	+14.3
Domestic consumption	676	534	−21.0
Trade balance	945	1,290	+36.5
Import / Domestic consumption	26.3	38.1	
Export / Turnover	69.3	81.9	

Source: UCIMA–The Italian Packaging Machinery Manufacturers' Association - Economic Studies Bureau

ITALIAN PACKAGING MACHINERY: NON STOP GROWTH.

"We can look at the future very optimistically", said Mr. Giancarlo De Martis, president of UCIMA (the association representing Italian packaging machinery manufacturers).
In 1993 over 300 companies producing packaging machinery in Italy registered a growth in export of 33% compared to the previous year, and the impact of sales on turnover increased from 69.3% to 81%.
"While other countries such as Germany, France and Switzerland reported a decrease in terms of turnover - said Mr. De Martis - the Italian packaging machinery industry seems to be launched towards a continuous growth. With no doubt the readjustment of Lira has been helpful, but the most important role in such a success has certainly been played by the pursuit of a policy of high technology and customer satisfaction".

An in-depth look. Export in 1993 represented 81.9% of the total production of Italian packaging machinery and in the same year balance of trade registered over 1.3 billion dollars (about 70.7% of the total turnover).
Obviously the EC is the primary market for Italian packaging machinery export with a share of 39.2% and with a growth rate in 1993 of 20.4% compared to 1992.
The German market remains the most important (+13.1%), followed by the U.S., France, UK, and Spain.
Export also increased in the Eastern European market (particularly in Poland and CIS) in Latin America (particularly Mexico, Argentina, Chile and Brazil), China and South East Asia.

A "memorable overtaking" of the competitors was then achieved in Japan where Italian machineries represent 35% of the total of foreign machineries sold there.

A strategic development. The strong position of the Italian packaging machinery industry is now going to be consolidated with an outreach visibility plan that UCIMA (the association representing Italian packaging machinery manufacturers) is implementing.
The core of this plan is the creation of the Italian Packaging Points in Hong Kong and Mexico City (and so, at the gateways to the most strategic markets: the Far East and Latin America).
These "IPPs" will support all the initiatives of Italian packaging industry (i.e. the "Italian Packaging and Process Machinery Exhibition" that will be held in Beijing in March 1995), and, most of all, will manage all the communication to the Far East and Central-Southern America.
"The Far East and Latin America, - declared Mr. De Martis - thanks to the development they achieved in the last years will be the big "chances" for Italian packaging machinery industry".
The Italian manufacturers of packaging machinery have already achieved good results, much more valuable considering the fact that, in many cases, there was no advantage coming from the devaluation of the Lira.
"So, - declared Mr. De Martis, the consolidation of the Italian packaging machinery industry in these "relatively" emerging markets, represents the last frontier to worldwide leadership".

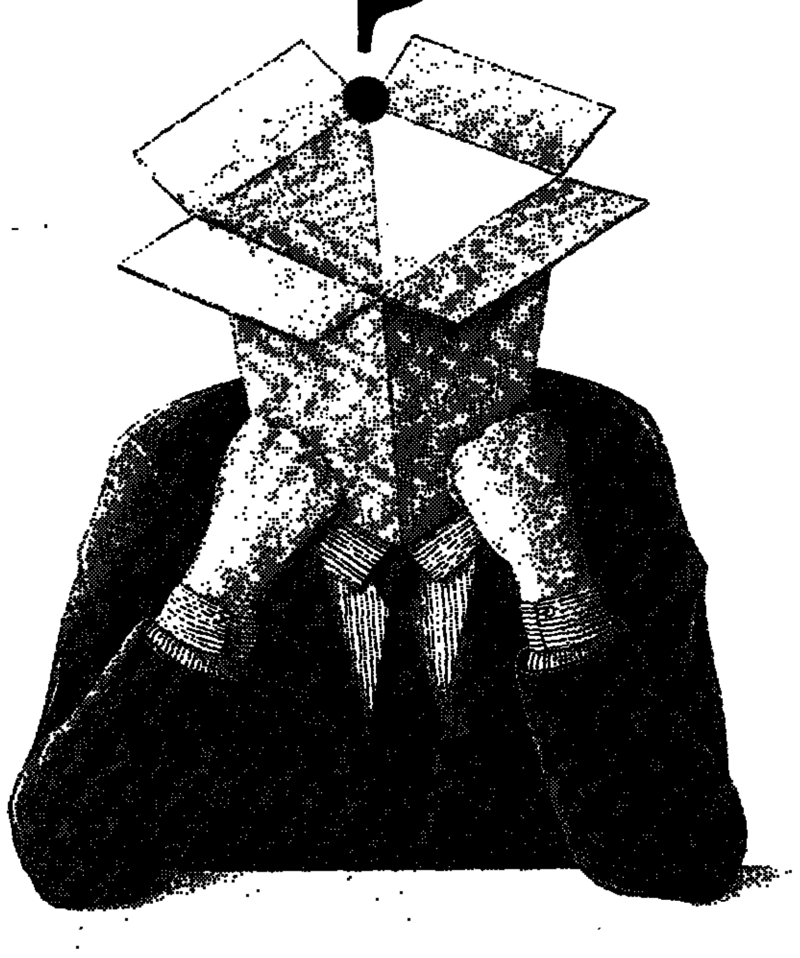
Trade balance with major partners (value in million U.S. dollars)

Italian Export to:		%	Balance '93
Germany	172	10.30%	97
U.S.A.	160	9.59%	139
France	153	9.17%	136
United Kingdom	127	7.61%	116
Spain	72	4.31%	67
Japan	65	3.89%	59
Switzerland	50	3.00%	20
Netherland	23	1.38%	10
Austria	18	1.08%	10
Sweden	14	0.84%	2
Other countries	815	48.83%	797
Total	1669	100.00%	1449

Source: Ucima-The Italian Packaging Machinery Manufacturers' Association - Economic Studies Bureau

Visit the Italian Packaging and Process Machinery Exhibition at the China International Exhibition Centre Beijing, 14-18 March 1995

PACKAGING ? PROBLEMS



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Far East Office
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North Point, Hong Kong
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UCIMA - THE ITALIAN PACKAGING MACHINERY MANUFACTURERS' ASSOCIATION

Divided Republicans put off terms vote

By Jurek Martin, US Editor, in Washington

The Republican leaders in the House of Representatives have been forced by deep party divisions to postpone a vote on a key element in its Contract with America agenda – the constitutional amendment to limit the number of terms that may be served in Congress.

The delay – from next Tuesday until the end of the month – follows the one-vote Senate defeat last week of the balanced budget amendment, another key component of the Contract.

A bitter public rift has also been opened between the party leaders and the conservative grass-roots movement pushing for the term limit amendment. Congressman Newt Gingrich, House Speaker, angrily told a columnist yesterday that US Term Limits, the principal lobby on the issue, did not "have a clue about how to run this country".

Congressman Bill McCollum of Florida, sponsor of one of several versions being discussed, came under sharp attack in a morning radio interview from Mr Paul Jacob, head of US Term Limits. He bluntly accused the congressman of favouring a 12-year ceiling in order to hold on to his job.

Mr McCollum, in a letter to the Wall Street Journal yesterday, charged that US Term Limits was "a destructive force" whose "hatcheting" assault on House Republicans supporting the 12-year ceiling was "irrational and self-defeating".

The decision to postpone the vote, taken on Wednesday night, reflects the political reality that no version of the amendment is anywhere near gaining the necessary two-thirds majority - or 290 votes - in the House. Even if an amendment was passed, the Senate would be unlikely to follow. Senator Robert Dole, the majority leader, is opposed to term limits in any form.

In announcing the delay, Mr Dick Armey, the majority leader, said time was being bought for an all-out campaign.

Radical conservatives, however, are deeply critical of the bill approved by the judiciary committee which recommends a 12-year limit, extendable by a further 12 after a two-year break from congressional service. It would override state laws on term limits, of which 22 now exist.

True believers in term limits, an off-shoot of the states rights movement, want congressmen and senators to serve no more than six years. Proposals also have been made for eight-year ceilings.

Mr Gingrich favours a simple 12-year limit to be applied equally to the House and Senate. But some Republican leaders oppose any ceilings, among them Congressmen Tom DeLay, majority whip; Henry Hyde, judiciary committee chairman; and John Boehner and Congresswoman Susan Molinari, senior officers in the House Republican Conference.

The Speaker's criticisms of US Term Limits were conveyed to Mr Robert Novak, the conservative columnist, who accused Mr Gingrich of changing his mind after he had spoken favourably in February of the six-year initiative proposed by Senator Hank Brown of Colorado.

He quoted the Speaker as saying: "The more I thought about it, the more I concluded that this is crazy. Trying to run this place on a six-year term ... would be genuinely destructive of the country."

US tax cuts package unveiled

By George Graham in Washington

Senior Republicans in Congress yesterday proposed lower capital gains taxes and a $500-per-child (£307) income tax credit as part of a package of tax cuts promised in their Contract with America election manifesto.

The bill would cut the corporate capital gains tax rate to 25 per cent, a smaller cut than originally pledged in the Contract, but it would add a gradual repeal for businesses of the alternative minimum tax, designed to ensure taxpayers do not escape liability by claiming too many deductions.

The alternative minimum tax has caused great frustration to businesses whose tax bills have stayed high even when their profits slumped. It has also been criticised for heavy compliance costs.

Congressman Bill Archer, chairman of the House Ways and Means committee, promised that "every single tax cut will be completely offset by spending cuts".

But the House Republicans have given no details of how they plan to pay for the cuts, which are generally estimated to cost $200bn in revenue over the next five years, and perhaps $700bn over 10 years.

Congressman John Kasich, chairman of the House budget committee, is still working on a spending cuts plan, but congressional aides said it was likely to be limited to generic promises to restrict the rate of growth in government entitlement programmes to less than the rate of inflation and to reduce the broad caps on discretionary spending.

Meanwhile opposition is growing to tax cuts. Many senior Republicans, especially in the Senate, are arguing that they must bring the budget deficit down before they can contemplate cutting taxes. Most Democrats now appear to share this view, even though President Bill Clinton and Congressman Richard Gephardt, the Democratic leader in the House, have both proposed their own tax cut plans.

Many of the Contract's tax proposals are included in the bill produced by Mr Archer yesterday, on which the Ways and Means committee will begin work on Monday.

Core measures include:

- A non-refundable $500 tax credit for each child under the age of 18, limited to families with adjusted gross incomes under $250,000.
- Broader eligibility for tax sheltered retirement savings accounts.
- Individuals would be able gain a 50 per cent deduction for capital gains, and would be allowed to index gains on assets acquired from January 1 onward to adjust for inflation. They would also be allowed to deduct losses on the sale of a home.
- Companies' capital gains, currently taxed at the same rate as ordinary income, would be taxed at 25 per cent if that is lower than their regular tax rate. (The Contract had promised a 17.5 per cent rate.)
- Adjustments to income for corporate alternative minimum tax would be revised at the end of 1995, and the tax repealed on December 31 2000.

Mr Clinton's tax cut plan also offered an expansion of tax sheltered retirement savings and a $500 per child tax credit, but limited to families with incomes below $75,000. In addition, he offered tax deductibility for up to $10,000 a year of college fees.

Amado Avendaño, defeated for the Chiapas state governorship last year, greets an opposition crowd in Mexico City this week Reuter

Wall St acts to check derivatives

By Richard Waters in Washington

A voluntary regime to regulate the derivatives activities of big Wall Street firms was unveiled yesterday, signalling an attempt by the US securities industry to reduce pressure for legislation on the issue.

The framework of voluntary rules, agreed among the six largest securities houses, has not been formally endorsed by either the Securities and Exchange Commission or the Commodities Futures Trading Commission which oversee the US financial markets.

However, the two bodies were involved in discussions which led to the agreement and have welcomed the framework. Mr Arthur Levitt, SEC chairman, called it "a solid starting point" for regulating derivatives. He said he hoped other regulators in the world would adopt similar regimes.

The agreement follows seven months of discussions between the six firms and the regulators.

It comes at a time when Washington lawmakers' interest in derivatives has been revived by the collapse of Barings of the UK.

Most US security firms carry out their business in derivatives – financial instruments whose values are based in part on some underlying asset or market – through separate subsidiaries which currently fall outside the jurisdiction of the SEC and CFTC.

Defending his decision to accept a voluntary code, Mr Levitt said it would provide greater flexibility for regulating a complicated area of the financial markets, and had produced action far faster than would have been possible through Congress.

He added that, although the SEC's powers over securities firms do not explicitly extend to their derivatives businesses, he was confident the agency would be able to enforce the regulations if needed.

Under the agreement, the six firms will have to follow a number of risk control procedures:

- They must report their largest risk positions to the SEC every three months, with the first reports due after the end of this month.
- They will agree to certain minimum standards in their risk-measurement systems, which are used as the basis for deciding how much capital they should carry.
- They must adopt set procedures for the way they handle relationships with companies and institutions to which they sell derivatives.

The last of these areas reflects concern among US regulators over the way in which both banks and securities firms have sold derivative instruments. The issue lies at the heart of the disputes between Orange County and Merrill Lynch, which sold many of the instruments which contributed to the county's bankruptcy, and between Procter & Gamble and Bankers Trust.

Mr Gerald Corrigan, senior executive with Goldman Sachs who as chairman of the New York Federal Reserve two years ago did much to publicise the rapid growth of the unregulated derivatives markets, was among those behind Wall Street's initiative. He said the regime could not prevent problems in the derivatives markets, such as the Barings collapse, though it could help minimise the risk.

Fujimori on course to secure a second mandate

Sally Bowen finds Peru's president emerging from a border conflict with prospects of further power

A bout of old-fashioned jingoism, after the month-long border conflict with Ecuador, could propel President Alberto Fujimori of Peru into a second five-year term, via an outright victory in an election on April 9.

Opinion polls since the signing of two ceasefire agreements, which appear to have put an end to the current hostilities, indicate that popular backing for the president has passed the 50 per cent needed to avoid a run-off vote. Polls say only one Peruvian in five plans to vote for Mr Fujimori's closest challenger, Mr Javier Pérez de Cuéllar, former UN secretary-general.

"The incapacity of the opposition candidates to launch any effective attack on Mr Fujimori makes a first-round win look certain," says Mr Manuel Torrado, a political analyst. Research by his polling agency Datum indicates Mr Fujimori could take 60 per cent of all valid votes.

With a month to go before polling, however, the opposition campaign has hardly begun. The border conflict stopped domestic political activity, with all candidates desisting from attacks on the Fujimori government in the interests of "national unity".

Meanwhile, Mr Fujimori was receiving saturation media coverage. As commander-in-chief of Peru's armed forces, he took direct charge in the conflict, making numerous visits to the theatre of operations accompanied by selected journalists.

"Immersed in battle, President Fujimori has been the sole protagonist," complains Mr Alejandro Toledo, an economist and international consultant, and the third-placed of 14 candidates for the presidency. "How can the average Peruvian choose when deprived of the opportunity to listen to alternative proposals for government?"

In one of the political campaign's rare broadsides, Mr Toledo last week accused the president of lying to the nation. But this, and his call for a postponement of the elections by several weeks, has received little backing from the public or fellow candidates.

Analysts predict Mr Fujimori may be damaged in the future by questions over the military and diplomatic handling of the dispute with Ecuador.

Mr Pérez de Cuéllar made sober, astringent criticisms of the February 17 "peace declaration", signed in Rio de Janeiro, both for its vague terms and its apparent concessions to Ecuador. Although he found little popular echo, experts on international law agree the diplomatic settlement could prove a problem for Peru in future negotiations.

There are also uncomfortable rumblings within Peru's influential armed forces. Certain generals believe they were denied the outright military victory over Ecuador their superior numbers would have ensured in a longer conflict.

In an unusually speedy attempt to divert possible criticism from Mr Fujimori, a diversionary campaign – believed by some to have been orchestrated by the national intelligence service – has picked out a scapegoat. General Vladimiro López Trigoso, who commanded the conflict zone, was unexpectedly replaced last week and subjected to of media accusations of negligence.

At the height of the conflict last month, he had denied a premature presidential announcement, later modified, that Peruvian troops had recaptured the key forward post of Tiwinza. Several attempts by Mr Fujimori to reach Tiwinza to raise the flag had to be abandoned.

Whether the conflict can be turned to enhance the political influence of the army – and of General Nicolás Hermoza Ríos, head of the joints chiefs of staff – is as yet unclear. The military, though, will press for increased spending to match Ecuador's modern weapons.

Peru's well-funded intelligence service, meanwhile, will have to explain away its failure to warn over Ecuadorean troop infiltration and military build-up over a long period before the hostilities.

Even if not provoked or sought by Peru, the border conflict is a setback to the international image of modernity and stability which the Fujimori administration has been promoting. While there have been no substantial withdrawals of foreign capital from the Lima stock exchange, investors are likely to be more cautious.

There could be implications for Peru's radical privatisation programme. The pending sell-off of oilfields, refineries, electricity generating plants and port services is likely to be reconsidered, with growing public fears of seeing "strategic" enterprises controlled by foreigners.

Everything indicates that a second Fujimori administration will face tougher opposition.

Polls indicate that his Change90/New Majority party may win only a third of the 120 congressional seats. Mr Fujimori, a self-confessed authoritarian, may well face an opposition majority.

AMERICAN NEWS DIGEST

Argentine tax law advances

The Argentine Congress has taken important steps towards passing a series of pensions, labour and tax laws deemed essential by the government to boost national competitiveness and to help overcome the country's financial crisis.

The Senate passed, on Wednesday night, legislation that will cap state pensions and a bill to deregulate labour norms in medium-sized companies was approved by the lower house of Congress.

A law to broaden the tax base, part of the government's recent $3.3bn (£2bn) austerity package, passed its committee stage, as did a controversial bill aimed to cut the cost to employers of accidents at work.

The series of measures, many of which have lingered for months in a divided and poorly motivated Congress, are designed to restore order to Argentine finances and to reduce labour costs, so as to boost employment and exports.

Mr Domingo Cavallo, economy minister, addressed the lower house, saying it was vital that Congress respond to the urgency of the moment by passing long-delayed legislation.

Mr Cavallo assured deputies that, despite the "very serious nature" of the financial crisis, the government would not betray savers and investors by slipping into previous habits of freezing bank accounts or restricting the movement of capital.

He also urged the passage of a bill that would allow Argentina to put up its 20 per cent stake in privatised oil company YPF as collateral against international loans worth nearly $2bn. However, for lack of a quorum, the bill was not read.

Bankers in New York said yesterday there had been discussion this week among senior bankers about a possible credit for Argentina, but that the discussion had been inconclusive. The discussions were instigated by JP Morgan, they said. *David Pilling, Buenos Aires*

Big Blue wins RSI case

IBM has successfully defended itself against a claim that its computer keyboards caused disabling repetitive strain injuries. The case, filed in Minnesota last year by a school secretary who claimed that her use of IBM and Apple computers caused injuries, has been watched as a sign for how other US courts may rule in hundreds of similar cases pending.

Apple Computer denied the charges but last week reached an out of court settlement stating that its lawyers had erred in not disclosing certain documents to the plaintiff's lawyers.

The IBM portion of the suit was decided by a jury which determined on Wednesday that IBM had used "reasonable care" in designing its computer keyboards and was not negligent for not warning users of the dangers of injury

"IBM has consistently maintained there is no credible scientific evidence linking the use of computer keys with injury," an IBM official said. "This verdict is confirmation that IBM-designed keyboards are ergonomically safe."

During the nine-week trial, IBM argued that some of the plaintiff's injuries stemmed from a 1988 car accident and from playing volleyball. IBM also argued that any tool can cause fatigue when used long enough.

IBM still faces 300 similar lawsuits in the US. *Louise Kehoe, San Francisco*

Costa Rica seeks deficit cut

Costa Rica's government is aiming to cut its fiscal deficit by two-thirds this year, to between 2.7 and 3 per cent of GDP, President José María Figueres said yesterday.

He said election year spending had helped push last year's deficit to 8 per cent of GDP. A further 1.5 per cent had been the one-time costs associated with the closure of a state-owned bank, Banco Anglo, where irregularities had been discovered. Mr Figueres, in London to give a speech on his government's plans for sustainable development, said the difference would be met from spending cuts, better tax collection and some additional taxes.

Mr Figueres said his government, in power for 10 months, was more committed to the Central American Common Market than was its predecessor. It realised, among other things that foreign investment would be more likely to flow to the Central American market, with its 30m people, than to the small individual countries. *Stephen Fidler, London*

Bolivian sell-off progresses

The Bolivian government expects to have sold off all but one of its main state enterprises this year, the minister in charge of the programme said.

Mr Alfonso Revollo said in London that all the companies, with the possible exception of YPFB, the state oil company, should be "capitalised" this year. YPFB should be sold in the first quarter of next year, he added.

Legislation has already passed Congress to pave the way for the privatisation of the electricity sector, and further legislation is being prepared to appoint a regulator and set tariff levels. A bill will soon be put before Congress for the privatisation of the state telephone company, he said. Under the capitalisation plan, which has fallen behind the government's schedule, some 50 per cent of the enterprises is handed over to an operator which commits itself in advance to an investment plan. The remaining shares are distributed to the population in special pension accounts. *Stephen Fidler, London*

Flooding in California

A blustery Pacific storm poured as much as eight inches of rain into northern Californian streams yesterday, raising fears of new flooding in areas inundated two months ago.

The storm knocked out electrical power to more than 100,000 customers in the San Francisco Bay Area from Santa Rosa to San José, Pacific Gas and Electric said.

Some 200 people were told to evacuate a mobile home park in the wine country town of St. Helena, where the nearby Napa River began overflowing its banks yesterday morning.

In the city of Napa, the river had risen seven feet overnight, and was flowing less than two feet below its banks. Residents of about 20 homes near Napa Creek were evacuated, and schools at St. Helena and Calistoga were closed. *AP, San Francisco*

PLO and Israel set date for talks

By Julian Ozanne in Jerusalem

Israel and the Palestine Liberation Organisation broke months of stalled peace talks yesterday, setting a date for the completion of negotiations over the extension of Palestinian self-rule to the still-occupied West Bank.

The setting of a target date of July 1 in a meeting between Mr Shimon Peres, Israeli foreign minister, and Mr Yassir Arafat, PLO chairman, was accompanied by a series of confidence-building measures to be taken in the coming week after months of a virtual suspension of the process.

The agreement was reached hours before Mr Warren Christopher, US secretary of state, arrived in Israel to boost Arab-Israeli peace talks and three days ahead of a visit to Israel by Mr John Major, the British prime minister

Mr Peres said both sides had committed themselves to completing negotiations between June 15 and July 1 over the second phase of the peace process involving an Israeli troop redeployment out of Palestinian population areas and the holding of Palestinian national elections.

"I consider it a breakthrough in the second stage of our negotiations," Mr Peres said. "Whatever we took upon ourselves we will implement, including issues of redeployment, elections, security and economic co-operation."

Mr Arafat said he hoped yesterday's talks would break the deadlock and lead to the speedy implementation of the extension of Palestinian self-rule. "That is what we hope for. We have to wait and see."

Israel has traditionally said no dates are sacred in the peace process and has repeatedly missed the timetable outlined in the Israeli-Palestinian peace accords. Under the agreement Israel was supposed to have completed its redeployment from the West Bank and allowed Palestinian elections last July.

Among the measures agreed are transferring further power to the Palestinian Authority over economic issues in the West Bank; ending Israel's freeze on completing safe passage agreements for Palestinians to travel through Israel from Gaza to the West Bank; forming two high-level security and civilian issues committees to speed negotiations and agreement for the construction of nine industrial parks on the Israel-Palestinian borders to ease Palestinian unemployment caused by Israel's ban on thousands of Palestinians from working in Israel.

Mr Peres also said a ministerial committee would meet next week to discuss the long-delayed release of Palestinian prisoners.

Reuter

Shimon Peres , Israel's foreign minister, speaking to Warren Christopher, US secretary of state, on his arrival at Ben Gurion airport yesterday

NPT under Middle East cloud

Julian Ozanne and Shahira Idriss on Egypt's campaign over Israel

Egypt's determination to force Israel into a commitment to dismantle its nuclear arsenal has created mounting tension in its relations with the Jewish state and could prove a serious obstacle to efforts by the US to combat the spread of nuclear weapons.

President Hosni Mubarak yesterday held out against American pressure to end Egypt's campaign to rally Arab, Islamic and non-aligned states to oppose an indefinite extension of the Nuclear Non-Proliferation Treaty next month unless Israel signs the accord.

After talks with Mr Warren Christopher, US Secretary of State, in Cairo Mr Mubarak said Egypt had not changed its mind, but he held out the possibility of a last-minute compromise if Israel committed itself to a clear non-proliferation timetable.

"I don't mean that they (the Israelis) could demolish or remove everything now, but we should have a timetable or something on any concrete steps to be taken," he said.

The Egyptian campaign has been gathering pace in recent months, marking Cairo's renewed bid for leadership of the Arab world at the possible risk of damaging the Egypt-Israel-US alliance which has been the cornerstone of Middle East peace since 1979.

The US is pushing hard to ensure the NPT – the strategic underpinning of efforts to halt the spread of nuclear weapons – is extended indefinitely during an NPT renewal conference which begins next month in New York.

Apart from Mr Christopher, Mr William Perry, US defence secretary and Mr Robert Pelletreau, US assistant secretary of state, and ambassador Thomas Graham, head of the US delegation to the NPT conference, have all visited Cairo recently to push one of Washington's highest foreign policy goals.

Israel has long maintained a policy of deliberate ambiguity about its nuclear capability, refusing to confirm or deny whether it possesses nuclear weapons. Israel, together with Pakistan and India, are known as the last three NPT holdouts and have steadfastly refused to sign the treaty and open their installations to international inspection. Once a country signs the NPT, it must dismantle its nuclear weapons as South Africa did in 1989 before signing the treaty in 1991.

International nuclear experts estimate Israel has built up an arsenal of up to 200 nuclear weapons over a 20 year period at its Dimona nuclear facility in the Negev desert.

Mr Shimon Peres, Israel's foreign minister, spoke recently about Israel's "deterrent capability" and said the Jewish state would not sign the NPT until there was a comprehensive regional peace and until it was sure countries like Iran, Iraq and Libya do not pose a threat to its existence.

Israeli military experts claim Israel's nuclear deterrent is critical not only because of Iran's growing nuclear programme but also because of a potential conventional attack by Arab states and the increasing acquisition of non-conventional weapons in the region. They also believe the NPT system is weak and unreliable in the light of the discovery of Iraq's clandestine nuclear programme, developed in spite of Baghdad's membership of the NPT.

Israeli officials say a part of Egypt's motives in raising the NPT issue now is to restore its leadership role in the Arab world which has been increasingly eroded as Israel makes peace and independent links with Arab states such as Jordan, Morocco, Tunisia and Qatar.

Many Arab states have latched on to Egypt's crusade believing it exposes the hypocrisy of US policy – on the one hand taking sanctions against countries such as North Korea and Iraq over their nuclear weapons programme and on the other ignoring Israel's nuclear capability and continuing to give the Jewish state \$3bn in military and economic aid.

Israel believes Cairo is playing a high-stakes gambit to restore its strategic importance to Washington amid growing fears of cuts in US aid to Egypt worth \$2.2bn a year.

Egyptian officials say their campaign is linked to genuine concerns about national security and reflects a belief that the Middle East should become a nuclear free zone.

They are concerned about Israel's attempts to forge economic relations before any firm agreements are reached on post-peace security and they want to see Israel on an equal footing with the rest of the Arab states in the region and not as a dominant power.

Mr Mubarak's position is popular in Egypt where anti-Israeli sentiment remains high. In Israel, however, the government's determination to hold on to its capability is also popular. A recent poll showed 71 per cent of Israelis do not want Israel to give in to Egyptian pressure to sign the NPT.

Analysts believe that if no last-minute compromise is reached, Egypt will not be able to block a vote by a majority of the NPT's 172 members in favour of extension. As a signatory Egypt is bound by a majority vote. Cairo, and the other states which support its position, will then have to choose whether to withdraw from the NPT – a move which would mean a serious breach with Washington and a loss of foreign aid.

A more likely alternative would be for a fixed period extension with Israel taking some steps – public or private – to reassure its neighbours that its long-term goal is a nuclear free Middle East.

US looks for answers to poverty

A senior US official at the United Nations social summit said yesterday the US must do more for poor Americans and that it was studying techniques used in its overseas aid programmes to see if they could be applied at home, Reuter reports from Copenhagen.

Speaking at the summit, called to try to end world poverty, slash unemployment and fight social injustice, Mr Timothy Wirth, undersecretary of state for global affairs, said the gap between rich and poor must be closed, both at home and around the world.

UN surveys show that while the US is the world's richest country, it has pockets of urban poverty and deprivation similar to those of the poorest developing nations.

Mr Wirth said his government was studying some of the aid programmes of the US Agency for International Development (AID) to ascertain if the same techniques could be employed to help the underprivileged at home.

Meanwhile, delegates were still striving for agreement on a blueprint to narrow the gap between the world's rich and poor countries, which world leaders are due to sign at the weekend.

INTERNATIONAL NEWS DIGEST

Congo ministers take pay cut

Government ministers in the central African state of Congo have decided to take a pay cut as part of an austerity package to save their central African state's economy from collapse. The announcement of the package comes on the eve of a visit from a team from the International Monetary Fund and in the middle of a strike by civil servants, who are demanding 14 months' back pay. Officials said members of parliament would also have their pay cut, the number of embassies or consulates would be cut and ministers' foreign visits limited.

The number of jobs in the civil service would be curbed with a view to cutting the salary bill from CFA 135bn (£165m) to CFA 122bn in line with IMF loan conditions. Last year Congo signed a tough austerity programme with the IMF. The IMF mission, expected to arrive on Friday, is due to review Congo's progress towards meeting its terms for fresh loans. Congo's foreign debt is about \$5bn, mostly owed to France. Civil servants have been on strike since February 20. *Reuter, Brazzaville*

Bahrain hit by sabotage

Bahrain yesterday reported fresh acts of sabotage against public installations and said it would take strong measures to implement law and order. The official Gulf News Agency quoted an Interior Ministry statement as saying a group of six anti-government militants had admitted setting fire to a petrol station, two power transformers and offices of the Bahrain International Exhibition. Bahrain said last Saturday that protesters had tried to set fire to a sports club, a post office and a power transformer. Unrest first broke out on December 5 to protest the arrest of a fiery young Shia Moslem cleric and to demand restoration of a parliament dissolved by the government in 1975. *Reuter, Manama*

Nigerian politician arrested

Mr Shehu Yar'Adua, a leading Nigerian politician, has been arrested by the military regime in the capital Abuja, his personal assistant said yesterday. He is the most influential delegate at the constitutional conference now in session in Abuja and was the prime mover behind a resolution last December that the military regime should hand over power on the January 1, 1996. The arrest, on unspecified charges ,follows numerous arrests last week of military personnel amid widespread speculation about an attempted coup plot. Mr Yar'Adua, a 51-year-old retired general was number two under former president Olusegun Obasanjo, the only military leader to have handed power to elected civilians in 1979. *Paul Adams, Lagos*

Westland beats Boeing in big helicopter deal

By Bernard Gray, Defence Correspondent

Westland has beaten Boeing of the US to win the bulk of an order to supply the Royal Air Force with transport helicopters worth a total of £1.2bn ($2bn).

But the UK company's success came only after ministers formally overrode the Defence Procurement Executive's duty to buy the best value-for-money aircraft. By buying the Westland EH101 helicopter, the Ministry of Defence will be spending £300m more than if it had bought only Boeing Chinook helicopters.

Mr Malcolm Rifkind, defence secretary, said the MoD would buy 22 of Westland's new EH101 helicopter, which is produced jointly with Agusta of Italy, and eight Chinooks to expand the RAF's existing fleet of 30 Chinooks. A further six Chinooks are to be bought to replace those which have been lost in operations.

The order will increase the RAF's transport helicopter capacity by 70 per cent and secures a minimum of 1,500 jobs for 10 years at Yeovil in south-west England where Westland – a subsidiary of the GKN engineering group – is based. It also opens up export prospects for the EH101, which would have been blighted if the RAF had not backed the helicopter.

The additional £300m of one-off costs comes because new training, spares and storage facilities will be needed for the helicopter. Under civil service rules Mr Malcolm McIntosh, the chief of defence procurement, could have been censured by the House of Commons public accounts committee for spending the additional money.

The decision to go for the EH101 was made on wider industrial and employment grounds. Mr Rifkind said it was the first time he had overruled the value-for-money criteria.

"The EH101 is a modern design which offers advantages of operational flexibility. These include commonality with the Royal Navy's Merlin helicopter," Mr Rifkind said. The navy has already ordered 44 of the anti-submarine Merlin version of the EH101.

Italy, which originally had a requirement for 35 EH101s and shares equally in the development costs and production, has yet to place an order. The Italian government is expected to buy 16 of the helicopters later this year.

Sir David Lees, chairman of GKN, said he was delighted by the announcement. "This is very good news for Westland. There is considerable interest in all variants of the EH101 in the Middle East and Far East."

Mr Jack Satterfield, a spokesman for Boeing, said that the company was pleased to be supplying more Chinooks to the RAF. However, he added: "We are disappointed that the order was not larger."

Shake-out in pharmaceuticals may not be over

Clive Cookson and Jenny Luesby explains how Glaxo's takeover of Wellcome may affect the industry

Glaxo's successful £9bn bid for Wellcome is the latest and largest in a series of recent moves that have transformed the UK pharmaceutical sector – the only industry in which the country is an undisputed world leader.

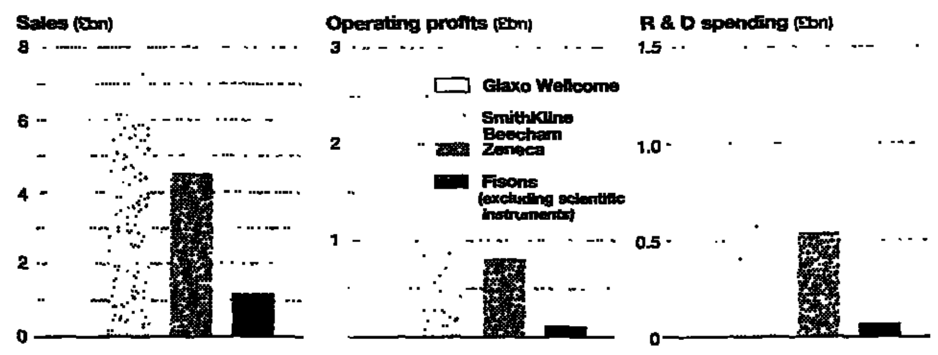
A year ago there were six established research-based drug groups with headquarters in the UK: a top tier of four (Glaxo, SmithKline Beecham, Zeneca and Wellcome) and two smaller companies (Fisons and Boots).

Now the pharmaceutical arm of Boots belongs to BASF of Germany, Fisons has in effect abandoned its ambitions of becoming a global research-based drug company, and Glaxo is on the point of swallowing Wellcome to create the world's biggest pharmaceutical group.

The new line-up of three companies looks far from equal. The combined Glaxo Wellcome will have a turnover of about £8bn a year – all from drugs. SmithKline Beecham's pharmaceutical sales were worth £3.6bn last year and Zeneca's £2.0bn.

Zeneca's pipeline of new drugs looks healthy and its 1994 results announced last week – pre-tax profits up 4 per cent to £659m – were well received. Even so the company – formerly ICI's biosciences business – looks exposed in a strategic sense. It is 19th in the world league of pharmaceutical companies, at a time when analysts expect medium-sized groups to be squeezed in an increasingly competitive global market.

The UK pharmaceuticals industry



Source: Companies

1994 figures

Mr Bill Pike, UK life science partner at Ernst & Young, says: "Zeneca could be either a predator or prey for someone else." The company's interest in making a counter-bid for Wellcome suggests that Zeneca executives might be prepared to make a very large acquisition, such as Warner-Lambert of the US. But it is thought that they were more keen to take a stake of up to 30 per cent in Wellcome and form an alliance, rather than make a full takeover bid.

Zeneca is well placed to take a stake in a middle-sized player. Its gearing is negligible, it is thought to have secured financing of £5bn, and it could realise up to £3bn through the disposal of its agrochemicals and speciality chemicals divisions.

An alliance would protect the company while maintaining its positive net worth. And recent events suggest that there would be some institutional support for such a move; the possibility of an acquisition triggered only a small fall in Zeneca's share price last week.

But whether Zeneca really wants to expand by acquisition is questionable. It may have just been responding to an unusual opportunity in Wellcome.

Zeneca insists that it has the critical mass to stand alone. It has no need to make a defensive motive, executives say, and its performance and strong product pipeline would enable it to mount a vigorous defence should the need arise.

Nonetheless, with Zeneca's speciality chemical business continuing to act as a drag on the growing pharmaceutical company, there is a real chance that companies which have already been shopping in the pharmaceutical sector might show an interest.

Indeed, the creation of Glaxo Wellcome may have increased the pressure on medium-sized companies to go for further expansion.

Meanwhile, Glaxo and Wellcome executives have been closeted in meetings, beginning to work out the process of "integrating the two businesses successfully into the world's leading research-based pharmaceutical company," as the two chief executives, Sir Richard Sykes of Glaxo and Mr John Robb of Wellcome, put it in a joint statement.

They said it was much too soon to give details of the "inevitable job losses and redeployment", but promised staff that the process would be "fair and objective".

Integration project teams will be set up first at senior level and quickly extended down the company.

Wellcome sources said last month, during their unsuccessful search for an alternative bidder, that 10,000 to 15,000 of the 60,000 staff in the combined worldwide group – including 3,200 to 4,300 in research and development – might lose their jobs after a Glaxo takeover.

Dr Trevor Jones, head of the Association of the British Pharmaceutical Industry, said that the spin-off of researchers and projects from the merged R&D operations might benefit other companies.

For example, Wellcome and Glaxo each have a migraine drug in development; the combined company would probably keep one and license out the other. "There could be opportunities here for smaller companies such as Fisons to acquire new drugs," he said.

Both Dr Jones and Mr Pike see an opportunity for Glaxo Wellcome to spin off surplus research teams – with appropriate funding – to universities or even biotechnology companies.

"If there is a significant spin-off of R&D people and technology, then I don't think there will be a net loss of research effort as a result of the merger," Mr Pike said.

Staff at SmithKline Beecham – only now settling down from the after-effects of their own merger five years ago – are looking on from the sidelines.

"Although we did regard Glaxo and Wellcome as our two major competitors, we don't expect the takeover to affect us much," said one SB executive.

Military needs catch up with political delays

Bernard Gray reports on battles and bargains behind the scenes

The reasons for yesterday's helicopter purchase say a great deal about how defence procurement has changed since the fall of the Berlin wall. Falling defence spending is squeezing manufacturers and forcing cuts in research and development. The difficulty of reaching the decision is a warning to European manufacturers that they are going to have to adapt to survive in the highly competitive and hostile new trading environment.

It is eight years since a Conservative minister announced the government's intention to buy Westland EH101 machines. Since then, the cost of the EH101 has risen, and there has been a change of heart by the Royal Air Force about whether it wanted Westland's helicopter. This period has also seen the end of the cold war and a postponement of a decision on which helicopter to order in 1990. Only when Mr Malcolm Rifkind, the present defence secretary, put the issue back on the agenda at the end of 1993 did wheels finally start to turn.

Significantly, Mr Rifkind yesterday also ordered eight new US-made Boeing Chinook helicopters as additions to the RAF's fleet, and a further six to replace existing RAF Chinooks which have been lost in service. The Chinooks can carry twice as much as the EH101 and are used to transport very large loads. Chinooks were not mentioned in the original 1987 announcement and they give a clue to the argument behind the scenes at the MoD.

The bill has risen from £300m to more than £1bn while the defence budget has shrunk

The pressure on defence budgets following the end of the cold war came at an unfortunate time for Westland, particularly since in the late 1980s the development cost of the EH101 was rising. In 1987 the cost of the EH101 fleet was put at less than £300m. Now, with the Chinooks added in the total bill is more than £1.2bn, and the overall defence budget has shrunk. The squeeze prompted the RAF, which operates transport helicopters on behalf of the British army, to look at alternatives. It considered the US Black Hawk helicopter but eventually rejected it, finally settling on the Chinook.

In many ways the Chinook makes sense. The RAF already operates a fleet of 30, so buying more would save on storing spares for two types of helicopter and cut training bills for pilots. The Chinook can also lift twice as much as the EH101.

But the RAF had another motive for wanting the Chinook: it is desperate to ensure that it gets 250 Eurofighter next-generation combat aircraft which will cost the UK £12bn over the next 15 years. Anything it can do to save money elsewhere may help protect the Eurofighter programme.

The army, which is the real user of transport helicopters, has been coy about which aircraft it favours. Its top priority is to get 100 McDonnell Douglas Apache attack helicopters to work in tandem with its new Challenger tanks. Behind the scenes, the RAF is said to have hinted that it would support the army's choice of the Apache if the army would agree not to oppose the Chinook.

With the forces split and budgets under pressure, it was easy for ministers to postpone a decision. But real military need eventuallycaught up with politics: the army has increasingly found itself short of transport helicopters. At the end of 1993, Mr Rifkind said that he intended to order both the EH101 and some Chinooks, needed for heavy lift work. Negotiations have continued since then with both companies.

Westland has faced an uphill struggle, since not only has the cost of developing the EH101 soared, but the installation of hangars, training simulators, and spares stores have all added to the cost of buying it. These additional costs are about £300m, according to Mr Rifkind.

Set against that, the aircraft is faster and more agile than the Chinook and can fly in all weathers. It is also a more modern, and so a more reliable, design.

But the factor which may have swung the MoD's decision is that the helicopter's export prospects would have been destroyed if the RAF had spurned the EH101.

There are export prospects in Saudi Arabia and Australia for anti-submarine versions of the EH101, and it may win orders from the US Marines.

Yet in fighting for exports, the EH101 faces not only the Chinook, but also the NH-90, a new helicopter built by a rival European consortium, Eurocopter, as well as other present generation helicopters such as the French Super Puma.

The EH101 has got the lift it needed. It is now up to Westland and Agusta to prove that it can carry the burden of those expectations.

■ Accountants are chosen to start inquiry in Singapore ■ ING rival may buy a London institution

Central bank widens scope of investigation

THE BARINGS COLLAPSE

The Bank of England yesterday tried to quell criticism of its inquiry into the collapse of Barings, the UK merchant bank, by announcing that independent members of its board of banking supervision would examine its own role, our Financial Staff write.

The move, under which the six outside members of the board will report separately on supervision of Barings, is thought to follow expressions of concern from both the Treasury and Downing Street at the form of the inquiry. Mr Kenneth Clarke, chancellor of the exchequer, also indicated yesterday that the government wants the inquiry into Barings' collapse last week to be completed rapidly. He said he welcomed "the board's recognition of the need for urgency".

The Bank of England said it had responded to criticism by politicians in setting up an independent mechanism for the examination of its role. It said that Mr Eddie George, the governor, was "sensitive" to such criticism.

Barings' operations resumed trading yesterday after final agreement was reached with Internationale Nederlanden Group, the Dutch bank. ING bought the businesses for £660m after it collapsed due to derivatives losses of £860m.

Investigations intensified yesterday into the reasons for the collapse of Barings. Ernst & Young, the administrator of Barings, said it had begun inquiries in preparation for possible legal action and insurance claims.

The Singapore government appointed Price Waterhouse, the accountancy firm, to examine allegations of fraud at Baring Futures (Singapore). This was the unit managed by Mr Nick Leeson, the trader accused of bringing down Barings. Mr Aad Jacobs, ING chairman, said that Mr Peter Baring, the chairman of Barings, had offered his resignation. However, Mr Jacobs said that he wanted Mr Baring to remain in the bank at least until his planned retirement in October.

Mr Jacobs said he would await the outcome of the Bank of England inquiry before acting against any Barings executive. But although he had no evidence, he believed it likely that another executive must have helped Mr Leeson.

He said in an interview with the Financial Times that it would be "even more fantastic" if Mr Leeson acted alone. "It is almost impossible that you can lose that kind of money, £860m ... without the help of someone in the bank."

Mr Jan Kalff, chairman of ABN Amro, the rival of ING which wanted to buy Barings' corporate finance operations, said that he believed the consolidation of investment banking in London could give ABN Amro the chance to buy a merchant bank. Mr Kalff said he "expected some further movement" in London and ABN would "certainly keep our eye on it".

In Singapore, reports that records of Baring Futures' deals had been destroyed were played down. An executive of Price Waterhouse executive said that records were "a bit messy" but any lost records could be re-constructed.

Mr George wrote to Mr Clark yesterday, to explain how the board of banking supervision, whose six independent members are appointed jointly by the Bank and the Treasury under the 1987 Banking Act, will carry out its enquiry.

The board includes Mr George, Mr Rupert Pennant-Rea, the deputy governor, and Mr Brian Quinn, the executive director for financial stability.

Mr George said the six outside members had "agreed that they will make their own assessment of the Bank's supervision of Barings."

Ford's Jaguar offshoot soon to win £70m state aid

By Kevin Done, Motor Industry Correspondent

The UK government is expected to approve later this month a state aid package worth between £70m ($115m) and £80m for Jaguar, the UK luxury car subsidiary of Ford of the US.

It is understood to be ready to back Jaguar's plans to build a new range of smaller sports saloons, which would create between 1,000 and 1,100 new jobs at Jaguar and 6,000 to 8,000 jobs in the automotive components industry.

The government is confident its proposed aid package will win the project for the UK in the face of competition from Ford plants in the US. It believes the investment by the US carmaker would be a strategic commitment by Ford to creating a world-class luxury car manufacturing centre in the UK.

Ford had previously made clear it was prepared to make the X200 the first Jaguar to be built outside Britain if it failed to obtain the necessary financial support.

Jaguar's UK plants have been competing for the project, code-named X200, with a Ford plant in the US at Wixom near Detroit, where Ford assembles its Lincoln brand luxury cars. The aid package is expected to be submitted next month to the European Commission.

Provided Brussels approves the project by May or June, the final go-ahead is expected to be given by the Ford board in the summer. Investment in the project could total about £500m.

It is planned that land currently owned by Jaguar close to its Whitley engineering centre in Coventry would be developed as an industrial park to be used by future components suppliers to the Jaguar plant.

Jaguar plans a new assembly plant at its current site at Castle Bromwich, Birmingham, where bodies for its existing XJ luxury saloons are welded and painted before final assembly at its Browns Lane plant in Coventry.

Production of the X200 would begin in the autumn of 1998. The plant would have an initial capacity for 70,000 to 80,000 cars a year.

Engines will be supplied mainly by Ford's plant at Bridgend, south Wales, where a facility is already being built for the manufacture of a new family of V8 engines for Jaguar at a cost of more than £100m.

UK NEWS DIGEST

Dispute clouds premier's visit to Jerusalem

The Foreign Office said yesterday that Mr Douglas Hogg, a junior foreign affairs minister, would not accompany Mr John Major, the prime minister, on an official visit to Israel. But officials denied that Mr Hogg had been ordered off the delegation in order to avoid offending Israeli sensibilities on the status of Jerusalem. Mr Major's first visit to Israel, the occupied territories and Jordan next week was in danger of being overshadowed by a row with Israel because of plans for Mr Hogg to visit Orient House, the de facto headquarters of the Palestine Liberation Organisation in Israeli-occupied east Jerusalem.

The Palestinians want Arab east Jerusalem – occupied by Israel after the 1967 six-day war – to be recognised as the capital of the state they hope to build in the occupied territories through the peace process with Israel. The Israeli government takes strong exception to any recognition of the PLO's political status in the eastern quarter of the disputed city and has complained about plans for Mr Hogg to visit Orient House. Instead a senior official from the Foreign Office in London will pay a "courtesy call" at Orient House. This formula appears to avoid any diplomatic embarrassment for Mr Major, who will receive Mr Faisal Husseini, the senior PLO official who runs Orient House, at the residence of the British consul-general, which is also in Arab east Jerusalem.

David Gardner, Middle East Editor

Confidence on solvency tests

Lloyd's of London will pass UK regulators' solvency tests this year even if a fresh attempt at an out-of-court settlement of Names' legal claims does not succeed, Mr Peter Middleton, the insurance market's chief executive, said yesterday. Mr Middleton said the "mood is now in favour of a settlement" because Lloyd's litigation was becoming increasingly complex. He added that terms for a deal are expected to be presented to Names – individuals whose assets have traditionally supported the insurance market – by the end of May.

LLOYD'S
LLOYD'S OF LONDON

But Mr Middleton said failure to strike a deal, following an earlier unsuccessful attempt last year, would not prevent Lloyd's proving to the government that the liabilities of all Names could be met. "Achieving a settlement of the disputes is not a factor in whether Lloyd's passes solvency." Mr Middleton said at a conference organised by the Society of Names, which represents lossmaking Lloyd's members.

Ralph Atkins, Insurance Correspondent

Workers face long hours

Three out of four British men – 76 per cent – work 40 hours or more a week – more than three times the European Union average proportion, says the Trades Union Congress. The TUC said a survey it commissioned showed that British men work the longest hours in Europe. It also showed that, when unpaid overtime was included, the figures were much worse than government data suggest. The survey found that 49 per cent of men and 10 per cent of women work 45 or more hours a week.

The research also revealed a serious mismatch between the hours people want to work and those which are available. Fifty-three per cent of women and 14 per cent of men said they would prefer to fewer than 30 hours per week, but only 40 per cent of women and 3 per cent of men were able to do so.

Employment Staff

Sharp rise for City rents

Rents for the best City of London offices could double by 1998 because of a dwindling supply of suitable space, says the Corporation of London, the municipal authority for the City. In its annual office market commentary, the Corporation backed projections by independent forecasters that headline rents for prime City offices could rise to £517 a square metre in three years. Tenants let 440,000 sq m of office space in the City last year, an increase of 3 per cent over 1993. While UK and US banks cut staff and space requirements during the year, mainland European banks such as Banque Indosuez and ING Bank took additional space.

Simon London, Property Correspondent

Army officers to lose jobs: Almost 100 senior army officers including 17 major-generals, 32 brigadiers and 48 colonels were made redundant yesterday. In total more than 16,812 redundancies have been made over the past three years as the British army shrinks from 156,000 to about 120,000 after the end of the cold war.

Climbers found dead: The discovery of three dead men in the Glencoe brings to 18 the number of climbers found dead on Scottish mountains this year. The three had not been seen since Saturday, and the alarm was not raised until they failed to return to work. Although few Scottish mountains are much higher than 1,000m, the weather can be very harsh and changeable.

Protest over fine: Mr Michael Howard, home secretary, said he "entirely understood" the indignation felt about the fining of a policeman who hit a man who had threatened to throw his baby out of a train window. The policeman had been off duty at the time with his wife and the child. A Conservative MP complained in the House of Commons that the "young yobbo" in the case had not been charged even though the policeman had arrested him.

Ministers yield on EU-wide visa

By Lionel Barber in Brussels

The government yesterday bowed to pressure from Tory Eurosceptics and delayed agreement in Brussels on a new EU-wide format for visas. Mr Michael Forsyth, a Home Office minister, said approval would be subject to a House of Commons debate on external border controls, but held out the prospect of a deal shortly.

Reaction among other member states attending an EU interior ministers' meeting in Brussels was relaxed, though diplomats said the refusal to commit to an agreement in principle underlined how the UK's policy on Europe is vulnerable to attacks from Euro-rebels.

The UK agreed to introduce a identical-looking visa when it signed the Maastricht treaty in 1991. But Tory Eurosceptics have successfully linked the question of the uniform visa to the emotive issue of border controls and immigration as part of the wider argument over Europe which has split the party. British officials in Brussels yesterday played down prospects of an early move to a common EU visa policy which would involve mutual recognition of visas among EU member states – a move which Eurosceptics fear could lead to a weakening of UK border controls.

Harmonisation of visa policy will not happen in the near future because it is linked to the long-stalled EU external frontiers convention which remains blocked by a dispute between the UK and Spain over the status of Gibraltar. The EU is seeking, however, to reach agreement on a common "negative list" of countries whose citizens need visas for all 15 member states. MPs have expressed concern that this could cover some Commonwealth countries which currently enjoy visa-free access to Britain.

The European Commission's list covers more than 126 countries, compared to the UK's list of 74 countries.

NEWS: UK

Sniggering voters taunt lovelorn MPs

While the tabloid press get its teeth into another government sex scandal, some MPs are expressing concerns that the crusade for moral purity in politicians is out of touch with reality. The latest object of scrutiny is Mr Robert Hughes, a Conservative MP who was a junior minister until Monday.

Mr Hughes, realising that newspapers were after him, announced his resignation after admitting to an extra-marital affair last year. He did so in customary fashion, with his wife alongside, pledging support. By yesterday, however, his future as an MP was being called into question after further allegations.

His local party was ruffled by reports that Mr Hughes's affair had been with a woman who had turned to him as her local MP for help after she feared that her violent boyfriend would be released early from jail.

It has become a truism in Britain to talk of public suspicion, if not contempt, of politicians as a breed. "There is now not just frustration but something much deeper," said Mr George Walden, MP for Buckingham. "There is a desire to humiliate and gloat over politicians' personal mishaps."

The case for the defence, which politicians are loath to make themselves, rests on two counts. Standards are demanded of UK politicians that are not sought in other countries, with the US the main exception. In France and Italy, the argument goes, politicians' ratings often increase on reports of an affair. In Germany the issue is usually seen as not of public concern.

Defenders of MPs also say the UK press applies standards to politicians that have long been accepted as out-of-date in society at large. "I am not condoning adultery," said Mr Michael Fabricant, another Conservative backbencher. "But I do believe that if we are not to have a cabinet of saints or hermits, and if we are not to deter others from offering themselves for public service, then we have to take a more enlightened view."

In Mr Fabricant's view, the private life of an MP is not a matter of public interest unless it involves an illegal act or directly affects his or her professional work. Financial or other political misdemeanours are therefore more serious than legal sexual predelictions.

In the view of many, Mr John Major's "Back to Basics" campaign changed all that. Launched in 1993 to divert attention from other troubles, it was perceived as a crusade to restore Victorian family values and fight against the "permissive society". The reaction was devastating. Newspapers that had previously refrained from enquiring about MPs' private lives concluded that they had now become part of the political domain. That "Back to Basics" has been long' discarded is seen as irrelevant.

Mr Walden sees little prospect of change. "It is in our blood, this deadly mixture of puritanism and prurience," he said. "Society is going one way and politicians are being asked to be purer than they have ever been before."

Mrs Edwina Currie, one of the few former ministers not to have lost their jobs over sexual or financial allegations, takes a slightly more relaxed view.

The author of a novel about the private mores of MPs, Mrs Currie said the issue was not one of morality but honesty – the gulf between public image and private reality. "What voters don't like is the sight of candidates handing out happy family photographs during their election campaigns while 'running' girlfriends and producing illegitimate children all over the place," she said.

John Kampfner
Westminster Correspondent

From left: "Minister of Fun" David Mellor; Tim Yeo, father of a child outside marriage; Eurosceptic Neil Hamilton; Allan Stewart, accused in packaxe row; Charles Wardle, critic of EU immigration rules

Ministers who have quit since last election

1992 Sept: DAVID MELLOR national heritage secretary (also known as "minister of fun"). Age 45, married with two children. Endured a number of revelations beginning with affair with actress and ending with reports that daughter of an official of Palestine Liberation Organisation had paid for Mellor family holiday. Said later: "The question is whether it's the prime minister or the tabloid editors who decide who should serve in the cabinet." Still an MP, he now hosts radio phone-in show.

Dec: NIGEL FORMAN junior education minister aged 49. Left government unexpectedly only eight months after joining it. Downing Street said the man dubbed "fabulous Forman" at Oxford University for his extravagant taste in clothes was quitting for "personal reasons". Married with no children.

1993 June: MICHAEL MATES Northern Ireland minister aged 59. Had links with Asil Nadir, who was awaiting charges in connection with his failed Polly Peck empire. Mates insisted he had behaved properly throughout, but was damaged by his gift to Nadir of a watch inscribed: "Don't let the buggers get you down". Nadir then jumped bail.

1994 Jan: TIM YEO environment minister aged 48. It was revealed that he had fathered a child outside his marriage. Mr Yeo said his private life had not affected his ability to do his job. Was first minister to resign after prime minister's "Back to Basics" rallying cry.

Almost too many to count...

Today
ROBERT Hughes is the 17th member of John Major's government to resign or be sacked.

Daily Mirror
LOVE cheat minister Robert Hughes yesterday became the THIRTEENTH Tory to be tainted by sleaze. Twelve have now quit.

Daily Star
TO lose one Minister is unfortunate. But John Major has lost NINETEEN.

Jan: LORD CAITHNESS a junior transport minister aged 45. Resigned on the day his wife Countess Diana committed suicide at family's country home. Her parents said he had been having an affair with a family friend and his resignation was followed by newspaper speculation about his private life.

Jan: ALAN DUNCAN a 37-year-old parliamentary aide to a health minister. Duncan, a millionaire bachelor and former oil trader, lent elderly tenant of a municipally owned-house £140,000 to buy the house under government discount scheme open only to tenants. Ownership of the house, later valued at £300,000, was subsequently transferred to Duncan. Said after quitting government that if he had quit over an affair, "at least I'd have been having fun".

Feb: HARTLEY BOOTH lawyer aged 48; married with two children. Sits for London constituency formerly held by Margaret Thatcher. Aide to a Foreign Office minister. Admitted "kssing and cuddling" 22-year-old former House of Commons researcher; warned fellow MPs to be "careful".

May: MICHAEL BROWN Conservative party whip aged 42. Unmarried Brown rejects newspaper allegations of "homosexual triangle" involving him, student and government official. Local party members pledge support for their "brilliant" MP. In October Brown becomes government's first MP to declare that he is homosexual.

July: TIM DEVLIN Age 35; twice married parliamentary private secretary to attorney-general. Said he was quitting over threat to close naval stores depot in his northern England constituency. Party whips said he had been sacked for poor attendance and voting record in House of Commons. His comment: "My colleagues think the whips' office have got egg on their face."

July: Ministerial aides **GRAHAM RIDDICK** and **DAVID TREDINNICK** Tredinnick was 45. Riddick (39) used to work in sales management for Procter & Gamble and Coca-Cola. Both MPs were alleged to have accepted £1,000 to table questions to ministers in House of Commons. Allegation was made by newspaper reporters posing as businessmen keen to obtain government information relevant to their business interests.

Nov: TIM SMITH Northern Ireland minister aged 47 who had entered government nine months earlier after the resignation of Tim Yeo. Smith admitted he had broken parliamentary rules over disclosure of business links with Harrods, and that he had received funds for asking questions while a backbench MP on behalf of Harrods owner Mohammed Fayed. Said in resignation letter to prime minister that he said he had not declared all necessary information in register of MPs' financial interests.

Nov: NEIL HAMILTON corporate affairs minister aged 45 and an ardent Eurosceptic who once said Britain should not be dragged "by frogmarch or goosestep into making irreversible changes without the support of the country". Fiercely denied allegations similar to those over which Smith resigned. Later expressed regret that he had not declared in register of MPs' interests stay in Paris Ritz at Fayed's expense. Prime minister said Hamilton had accepted that he could no longer stay in government. But Hamilton also said: "I think it is sad and deeply disturbing that I have been forced to leave office because of foully motivated rumour and a media witch hunt."

1995 Feb: ALLAN STEWART Age 53; married with two children; junior minister at Scottish Office. Seized pickaxe during confrontation with protesters against motorway extension being built near Glasgow. Was interviewed by police afterwards; said he had picked up pickaxe for self-defence and denied using it in threatening manner. Wrote in resignation letter to prime minister: "I do not wish in any way to be an embarrassment to a government I have been proud to serve."

Feb: CHARLES WARDLE Holds Harvard MBA; age 55; was a junior minister and was once responsible for immigration policy. Resigned over fears that EU policy on immigration would encouraged uncontrolled influx of immigration to UK.

Feb: ROBERT HUGHES Married with three daughters, age 45. Former BBC televison journalist who became government whip and junior science minister. Admitted to affair with former secretary. Explained resignation decision accompanied by wife, who said: "Essentially we are a very happy and united family."

Although he was not a minister, there was also the case last year of **DAVID ASHBY** a married lawyer of 53. Admitted he had shared a bed with another man in a French hotel, but said it was to save money. Denied any homosexual relationships. Wife said later pressure of parliamentary life had ruined their marriage.

Compiled by Stephen McGookin and Hugh Clayton

FINANCIAL TIMES SURVEY

EUROPEAN BUSINESS PROPERTY

Friday March 10 1995

Market faces uncertainties

Rising unemployment and corporate restructuring may limit the demand for business space during the next few years, writes Simon London

At first sight the European property industry should be looking forward to 1995 with optimism.

The economies of continental Europe grew more strongly than expected last year. Britain has been growing at its fastest annual rate for six years with underlying inflation at levels last seen 30 years ago.

Against this background, rents have stabilised in most European markets and landlords can look forward, in theory, to a return to modest rental growth in 1996.

Official forecasts suggest that Europe is in the early stages of a sustained upturn. In December, the Paris-based Organisation for Economic Co-operation and Development forecast growth for all of its industrialised member states this year and next, with expansion averaging about 3 per cent annually.

Even if the bright outlook forecast by the OECD for the wider European economy proves to be correct, though, the property market faces a number of uncertainties of its own.

Interest rates will need to rise in most countries over the next few years as economic growth spreads.

The impact will vary across property markets, but changes in long-term and short-term rates can have negative implications for asset prices.

More worrying for property owners is that the OECD expects the rate of unemployment in Europe to rise from 11.7 per cent last year to 11.8 per cent in 1995.

Since the number of people in work determines demand for business space, this does not point to a rapid recovery in demand for commercial property or rents.

Europe's record on job creation over the long term is hardly encouraging. While the unemployment rate has shown little upward trend in North America, in the EU it has risen from about 2 per cent in the mid-1960s to almost 12 per cent today.

There is no doubt that recovery in Europe will eventually reduce unemployment, but it is not clear that enough new jobs will be created during the upturn to absorb the vacant offices, shops and factories which overhang the market.

Corporate restructuring – arising out of recession but continuing long into the recovery – may also limit the amount of business space consumed during the next few years.

Competition, technology and the changing shape of the European market are leading industrial companies to cut back on the space they consume for each unit of output.

One example is Whirlpool, the world's largest manufacturer of large domestic appliances.

The group has roughly the same amount of manufacturing space as it had five years ago, but the productivity of each square metre has increased by about 25 per cent.

In distribution, the company has halved the number of its warehouses to 18, even though the volume of units handled by the system has increased by about one quarter.

The next step in its restructuring will leave the company with just eight regional distribution centres.

The process has not finished. Despite enjoying a strong position within its industry, and healthy profits, the company announced an 8 per cent reduction in its workforce, with the brunt of the cuts falling in Europe. The company is concentrating on rationalising its office space requirements.

Whirlpool is not unique. Industrial and services sector companies in all European countries are starting to look at their property as a productive asset and are asking whether they have been squeezing enough out of it.

Within this overall context, each European property market has its structural strengths and weaknesses.

In the UK, long leases and upwards-only rent reviews mean that many tenants are still locked into above-market rents. With no sign of widespread rental growth, these occupiers are likely to remain stuck in their existing buildings.

As well as depressing the amount of letting activity – especially in areas such as the City of London where rents have fallen by 50 per cent from the peak – landlords will receive only a fixed rental income for some years to come.

In France, the exposure of financial institutions to property remains the biggest cause for concern. Although the first steps have been taken to recognise the extent of the losses, property owners often remain unwilling to sell at realistic prices for fear of realising losses.

The investment market remains frozen as a result. Many of the international investors hoping to buy into the Paris office market at the bottom of the cycle continue to be frustrated.

In Germany the picture is more complex, with each regional market trying to reach its own equilibrium between supply and demand for space.

While cities such as Frankfurt and Hamburg look likely to do well, the over-supply of offices in Berlin will take many years to clear.

Yet capital values in Germany have been supported by extraordinary flows of private savings into property mutual funds.

As this supply of liquidity starts to reduce, though, the market may have to adjust.

The common thread between all European countries is the emergence of a two-tier property market, with an overhang of poor quality business space but an impending shortage of prime buildings.

This mis-match between the quality of buildings available and the type of accommodation tenants require is the biggest challenge facing the European property industry.

On one hand, it is a clear opportunity for developers to start building again. There are already tentative signs of development in the City and West End of London.

By the end of 1995 many other European cities could also see construction cranes on the skyline.

But a return to the building boom of the late 1980s seems inconceivable. France is not the only European country where financial institutions are still nursing a hangover from their last round of property lending.

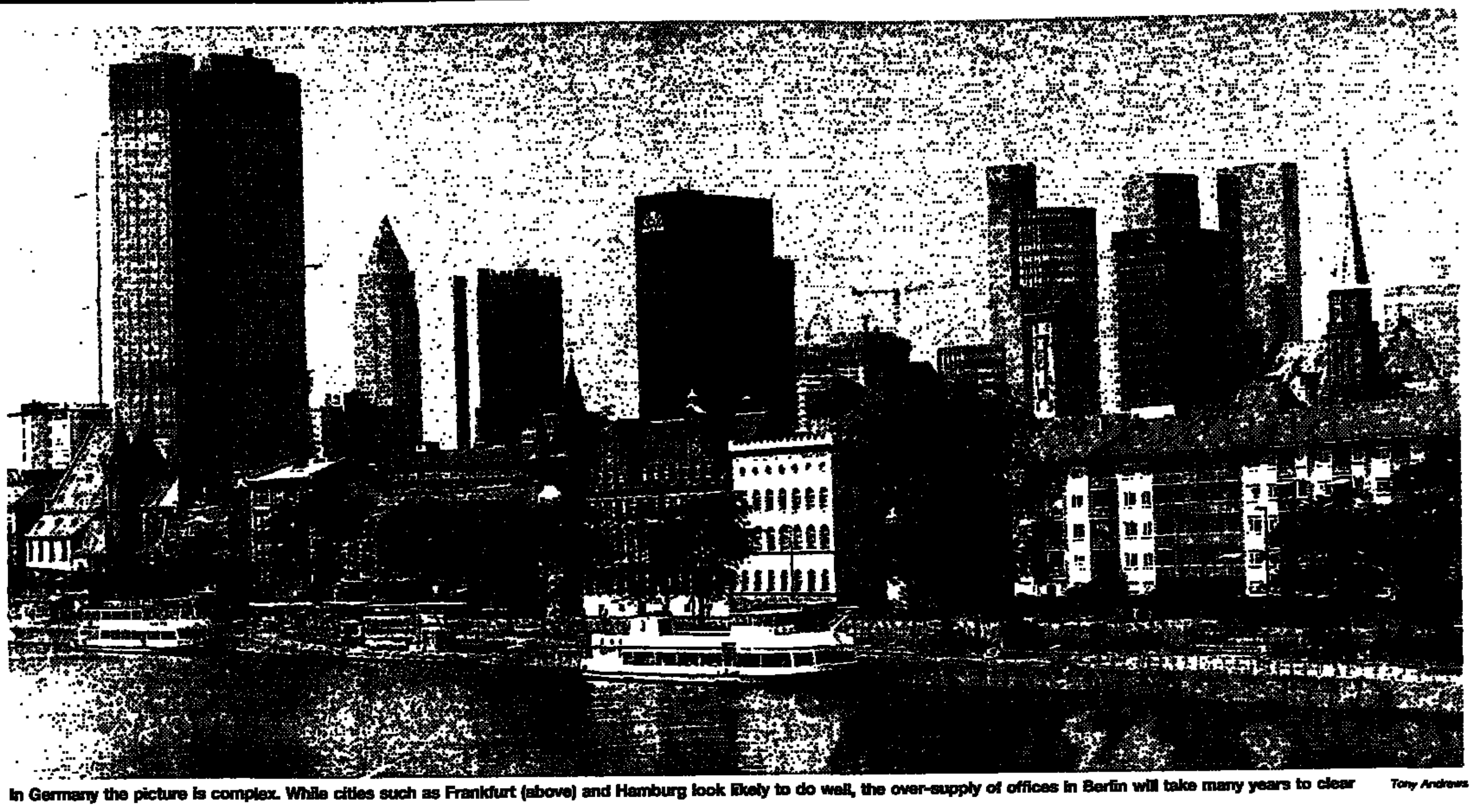
The supply of funds for speculative property development is likely to be much more restricted than a few years ago.

Moreover, the fall in rents over the past three to four years has made property development uneconomic in many cities.

Unless there are clear signs that rents are rising back towards their peak levels, redevelopment of many old buildings is simply not profitable.

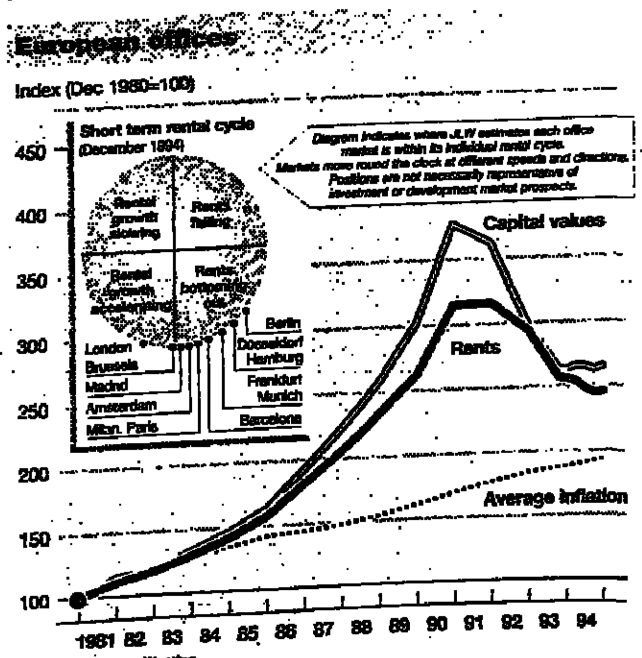
For owners of secondary property, then, this year could be uncomfortable. Subdued demand for business space and low rents are allowing tenants to choose prime buildings. Yet rents are not high enough to allow redevelopment of secondary space.

Across the continent there is talk of converting empty offices into residential accommodation or other alternative uses. But this is unlikely to make sense in more than a few fringe areas. The only realistic choice for many landlords is to wait and hope that the forecasters have been too cautious.



In Germany the picture is complex. While cities such as Frankfurt (above) and Hamburg look likely to do well, the over-supply of offices in Berlin will take many years to clear Tony Andrews

European offices



Source: Jones Lang Wootton

EUROPEAN BUSINESS PROPERTY II

BRITAIN

A warning for neighbours

Two years after the wider economy pulled out of recession, property values are drifting down against a background of only patchy rental growth, writes Simon London

Because the UK is ahead of most European countries in its economic cycle, the recent performance of Britain's property market should act as a warning to its neighbours.

Two years after the wider economy pulled out of recession, property values are drifting down against a background of only patchy rental growth.

Owners saw good returns from their property investments last year. According to the Investment Property Databank (IPD), property delivered a total return of 15.3 per cent for 1994; far better than equities or bonds.

But rising property values through the first half of 1994 reflected falling bond yields and a flood of institutional investment in property.

This was not sustainable and property values started to drift lower from the summer, in a delayed reaction to rising long-term interest rates.

For values to rise again there needs to be hard evidence of widespread rental growth.

The latest figures from IPD show only modest quarter-on-quarter rental growth in retail property, and falling rents in the office and industrial sectors.

Data from property agents, which is drawn from a smaller sample but is arguably more sensitive to changes in the market, tells a slightly more positive story.

For example, the latest rental indices from Hillier Parker, the surveyors, show a 2.1 per cent increase in offices rents, centred on the West End and City of London.

This bears out anecdotal evidence from the market: there are pockets of demand for high quality offices in good locations which can not be easily satisfied. In some specific areas rents are rising for the best space.

After three years of scarce development activity in the City of London, for example, there is now a shortage of good, modern space.

As a result, prime City rents rose about 8 per cent last year from £30 a sq ft to £32.50.

The supply of vacant modern offices in the West End of London is also virtually exhausted.

Although the vacancy rate is still at about 8.5 per cent, much of the available stock is old and considered unsuitable by tenants. Prime rents increased last year from £40 per sq ft to £42.50 as a result.

These localised shortages have helped Canary Wharf, the vast office development in London's docklands to the east of the City. Large lettings in the final weeks of 1994 to Barclays de Zoete Wedd and Morgan Stanley, the investment banks, and the arrival of the European Medicines Evaluation Agency, have given the project critical mass in terms of tenants.

Reacting to the shortage of modern space, developers are dusting off planning consents for offices in the City and West End.

Planning permission has been granted on 1.22m sq m of offices within the City of London. About half of this covers sites where the existing building has been demolished or is currently vacant and work can begin at any time.

The biggest hurdle is that City rents are too low to make many of these developments worthwhile. Moreover, financing for speculative development remains in short supply.

Banks in particular still remember the property-related losses of the last downturn.

Even so, if rents rise much above £40 per sq ft, many of the potential developments around the City of London are likely to be triggered.

There are already a number of large schemes under construction: about 1.5m sq ft of space could be under construction by the end of the year.

This supply pipeline of new space could act as a cap on rents.

The collapse of Barings, the investment bank ruined by losses in derivatives trading, is also a reminder that demand for office space in the City depends on the fortunes of the volatile financial services industry.

Against this background, the investment market has started 1995 in a far more subdued mood than it began 1994.

With values slightly lower than this time last year, potential vendors are often unwilling sell.

After the flurry of investment activity last year, neither investment institutions nor quoted property companies have deep reserves of cash available for investment.

The continued interest of overseas investors – especially in central London offices – has continued to support the market.

According to DTZ Debenham Thorpe, the surveyors, foreign investors channelled £1.74bn into UK property in 1994.

This was slightly below the £2.2bn recorded in 1993 but well in line with the totals seen in recent years.

German open-ended funds – fuelled by an inflow of savings at home – were the most active buyers, spending £475m over the year.

The retail market has attracted UK investment institutions, partly because the outlook for offices is clouded and partly because planning restrictions on out-of-town shopping centres have given existing schemes rarity value.

Many fund managers argue that the yield differential between high street shops and shopping centres – currently about 1.5 per cent – is still too wide.

Even though shopping centres are larger, less liquid investments, they argue that the rental growth prospects are in many cases better than in the high street.

The decision by the Church Commissioners, the funding body for the Church of England, to find a buyer for the MetroCentre – Europe's largest covered shopping centre – in Gateshead, north-east England, may therefore have caught the mood of the market.

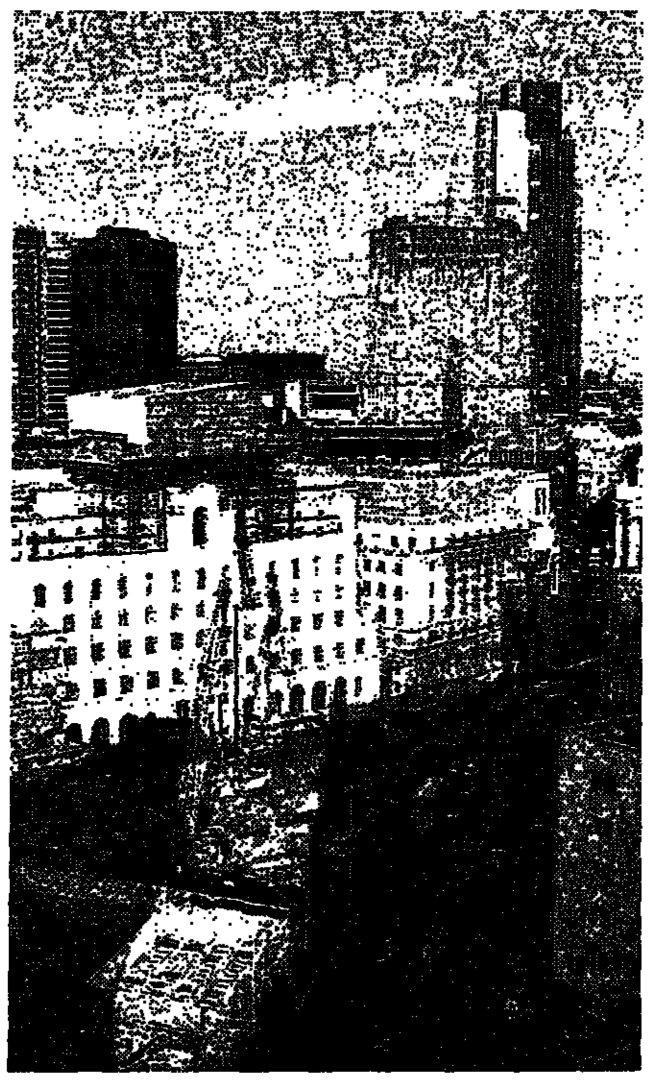
While the sheer size of the centre makes it difficult to forecast the final selling price, property agents estimate £300 – £400m.

Property companies as well as investment institutions are likely to join the chase.

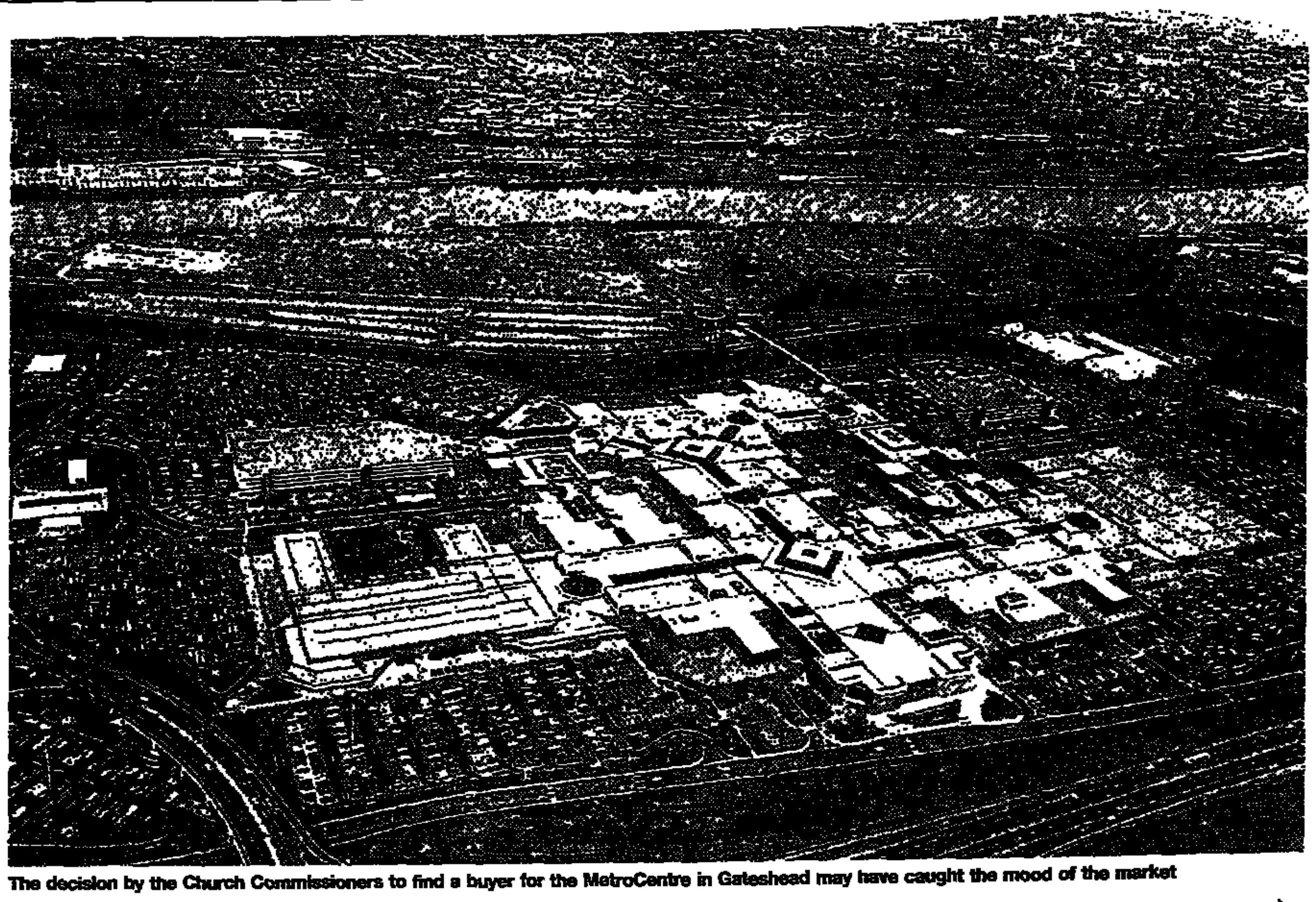
With no sign of widespread rental growth, though, only prime assets such as the MetroCentre generate enthusiasm among investors.

Secondary office and retail property is much more difficult to sell or let.

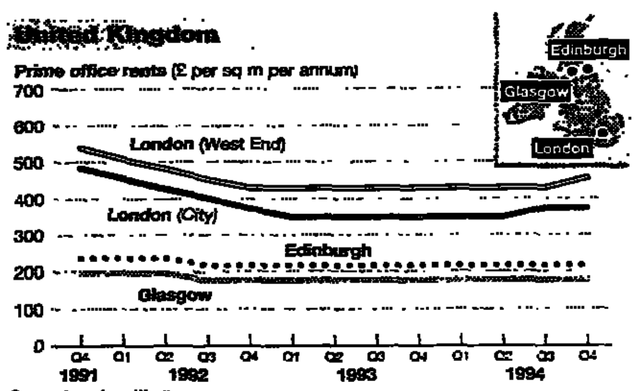
This two-tier structure, which has gradually emerged over the past two years, shows every sign of becoming a permanent feature of the UK property market.



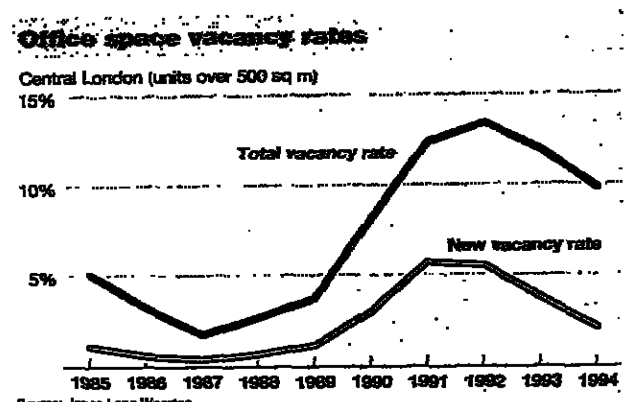
Prime City of London rents rose about 8 per cent last year *Tony Andrews*



The decision by the Church Commissioners to find a buyer for the MetroCentre in Gateshead may have caught the mood of the market



Source: Jones Lang Wootton



Source: Jones Lang Wootton

ITALY

Signs that the situation is changing

Property consultants believe that the upturn in Italy's economy will bring an end to the recession in the business property sector, writes David Lane

With the Italian economy in recession and political uncertainty always present, the past four years have been tough for property owners wanting to sell, and for their agents.

There are signs, however, that the situation is changing for the better. The economy is picking up. Gross domestic product grew by 2.3 per cent last year. It is expected to increase by more than 3 per cent in 1995, in sharp contrast to 1993 when a 0.7 per cent decline accompanied falls of 2.1 per cent in private consumption and 11.1 per cent in gross fixed investment.

Property consultants believe that the upturn in Italy's economy will bring an end to the recession in the business property sector. Growth in GDP is expected to bring new demand. Although values and rents remain flat, and this year is expected to offer modest improvements at best, the worst is over.

Italy's market for office accommodation is concentrated on two cities, Milan and Rome, the country's business and administrative capitals.

Having entered the recession about 18 months before Rome, Milan is leading the way out.

"There has been an increase in letting activity in Milan over the past year. Companies have become aware that rents have touched bottom," says Mr Roberto Trella of the Milan subsidiary of property consultants Richard Ellis.

Prime properties in top city-centre locations such as Corso Matteotti, Piazza San Babila and the Duomo are letting for about L450,000 a sq m a year. "This is about 35 per cent lower than the 1991 peak," notes Mr Trella.

Central Milan, with the stock exchange, its many banks and leading national and international companies, is the heart of the Italian market for office property. Rigid planning regulations mean, however, that accommodation is mostly in small units and that the potential for growth of total office stock is virtually nil. This is reflected in a vacancy rate that, at between 10 and 15 per cent, is significantly lower than elsewhere in Milan.

Businesses willing to accept less prestigious accommodation or seeking large floor areas must generally look further out. Milan is compact, so the distance from the city's centre need not be great. Successful, well-specified and well-served office developments in the Cadorna, Piazza Duca d'Aosta and Piazza della Repubblica areas are quickly and easily reached on foot or by public transport from the centre. Rental levels are between L200,000 and L400,000 per m2 per annum.

Looking towards and beyond Milan's autostrada ring, annual rentals fall to between L120,000 and L200,000 a sq m. But the accommodation often has serious drawbacks. Paul Bacon of Healey & Baker Italy says: "Because they are in badly served locations and have poor technical specification, some buildings will never have tenants." A trip round Milan's *tangenziale* offers a dismal picture of desolate, empty office blocks. "Vacancy levels in Milan's outskirts exceed 25 per cent," notes Mr Bacon.

The situation is different in Rome where most prime office developments are in the suburbs, often close to the GRA (Grande *Raccordo Anulare*) ring road. While the market in the historic centre is characterised by small offices in mixed-use buildings, the EUR district in the south-west suburbs ranks as the capital's principal office location.

EUR offers a wide range of property with high specifications and enjoying good infrastructure. Stations on Rome's small underground railway network and quick, easy access to Fiumicino airport help explain why IBM, Ford, General Motors and other multinationals, as well as many Italian government and public organisations, have offices in the EUR district.

Closeness to the GRA and to Fiumicino are the reason for substantial office development areas near to EUR. Esso has offices in Magliana. Rover and the Kuwait oil company have their Italian offices in Torrino. Others will arrive as new offices become available. Annual rents in EUR are currently between L300,000 and L400,000 a sq m. in what Mr Trella describes as a landlords' and sellers' market. He says, however, that the completion of new projects is swinging the situation to the tenants' or buyers' advantage.

While developments in the market for office property in Milan and Rome have followed a pattern and been predictable, Italy's business property sector has produced a new protagonist in the 1990s. The shopping centre is becoming part of the Italian way of life.

As Italian consumer behaviour becomes similar to that in northern Europe, the weekly visit to the shopping centre is taking the place of daily trips to the local butcher, grocer and baker. "There are 270 shopping centres, 120 with more than 10,000 sq m of space," says Mr Bacon. More are in the pipeline, often in small communes near large conurbations.

New developments will offer funding opportunities to investors. "It is an emerging market that cannot be ignored," says Mr Bacon. But only one foreign investor has so far been drawn into a pure retail development: Schroders International Property Fund paid L52bn for the Curno centre of about 14,000 sq m near Bergamo a year ago. This investment, on which Richard Ellis advised the buyer, is providing a yield of 9.75 per cent.

The key to attracting foreign investment is quality. This is the feature that drew a US property fund into taking a stake in the Birra Peroni brewery redevelopment near Porta Pia in central Rome. "It is an imaginative and very successful conversion of industrial buildings into mixed retail, residential and office accommodation," says Mr Trella.

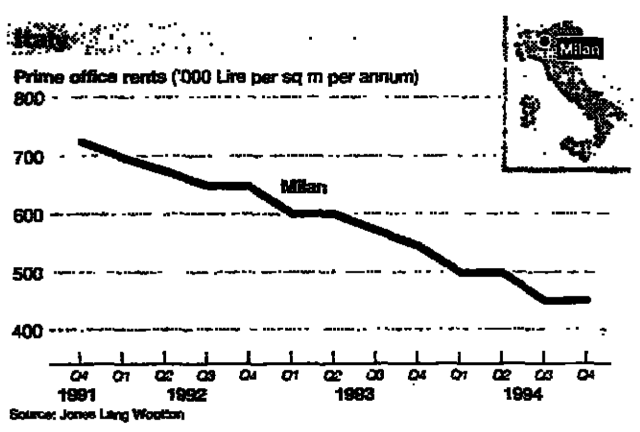
A 4,000 sq m department store of the Coin chain, rented at L250,000 a sq m a year, forms part of the redevelopment that opened last June.

Italian business property has also attracted CS Immobilien-Fonds of Frankfurt, a member of the Credit Suisse group and management company of the German open-ended fund CS Euroreal, which bought 3,000 sq m of offices in Milan's Via Santa Valeria. This was the first German fund of its kind to invest in Italy. The purchaser was represented by Healey & Baker in the L30bn operation last spring.

Typically, central Milan's best office properties yield 5.5 to 6 per cent, with those a little further out yielding 6.5 to 7.5 per cent. Property consultants say that foreign investors are keeping a close watch on the Italian market, and expect to see important operations.

"The cheap lira is currently an attraction, but funds look to long-term returns rather than short-term foreign exchange opportunities,' observes Mr Trella.

The drying up of investment from Italian investors opens opportunities to foreigners. Italians have traditionally bought on the basis of capital values and their expected growth. With the collapse of property prices they have become wary. Large voids in portfolios have turned local sentiment against property. Signs of stability and political will to put public sector accounts straight might be the just encouragement needed for foreign investors to take the plunge.



Source: Jones Lang Wootton

Milan is leading the way out of the recession *Trevor Humphries*

FRANCE

Market remains difficult

Foreign investors hoping to find bargains are often regarded as vultures

The huge property-related losses announced by French financial institutions this year have obscured the fact that, from a tenant's point of view, the French property market is in good shape, writes Simon London.

Unlike their counterparts in London, office occupiers in Paris have never been locked into high rents by long leases with upwards-only rent reviews. The traditional short lease with three-year breaks has allowed many French companies to take advantage of falling rents to upgrade their accommodation.

This has been reflected in the relative strength of the leasing market: the Paris region saw about 1.4m sq m of office space leased in 1994, the second year of increased activity.

While leasing is well below the frenetic peak of 1990 – when 2m sq m was let – the market is notably more active than the early to mid-1980s. Indeed, some agents argue that 1994 saw net take-up of offices for the first time in four years.

If this is correct, the vacancy rate in the Ile de France region, currently at about 8.5 per cent, should start to fall.

The position in the central business district of Paris, centred on the 8th arrondissement, is stronger. There is at present about 600,000 sq m of vacant office space out of a total stock of 10m sq m, a vacancy rate of 6 per cent.

Moreover, agents estimate that up to half of this vacant space may be impossible to let in its present condition. The supply of modern space for large occupiers is becoming limited.

Disney, which has just taken 5,300 sq m of air-conditioned space in the central business district, had only a small handful of buildings to choose from, according to Mr Robert Lipscomb of Healey & Baker, which advised the tenant.

The large developments finished in 1991-92 such as the Washington Plaza and Etoile St Honoré schemes – unkindly dubbed *pacquebots* or ocean liners – are slowly being filled.

In one of the largest lettings of the year, the Matif futures market took 9,200 sq m in the Paris Bourse development, the last of the *pacquebots*, in the 2nd arrondissement.

La Defense, to the west of Paris, has also seen its fortunes improve over the past year, with large lettings to companies such as Usinor Sacilor, the steel manufacturer, which took 27,000 sq m.

The vacancy rate has now fallen below 9 per cent and La Defense will get a further boost when Société Générale moves into its new 126,000 sq m headquarters building.

Against this background, there are hopes that rents for the very best space in the central business district will stabilise this year at about Ffr3,000 a sq m after four years of decline. Yet the overhang of secondary space makes it difficult to see rents recovering.

Moreover, development has never completely ground to a halt in central Paris, which means that there is a modest pipeline of new and refurbished property coming onto the market.

Mr Robert Waterland, head of Jones Lang Wootton's Paris office, points out that many of the developments now in progress are driven by tax considerations rather than a cool assessment of the market prospects.

One way of avoiding France's punitive property transfer tax is to buy a building for redevelopment.

Four years after many of the sites were bought, though, the authorities have been demanding either hard evidence of development or payment of back-tax, often with a penalty on top. Few of the developments in the pipeline will show a profit with top rents around the present levels.

Only developers which bought land very cheaply – say Ffr25,000 a sq m against Ffr100,000 a sq m at the peak of the market – can make a margin at these levels. Faced with the alternative of a large tax bill, though, some developers are pressing ahead.

The worst impact of falling property values has been felt in the investment market, which remains largely frozen. French banks and insurance companies are still unwilling to crystallise losses by selling assets while the market is weak.

On the surface it looks as if many of the institutions are now taking steps to deal with their property exposures. The announcement of provisions and losses at least suggests that property assets are being written down to more realistic values. This could open the way for properties to be sold.

There are some signs that French banks, in particular, are more willing to accept the prices on offer. About Ffr11bn of funds was invested in the French property market in 1994, more than double the Ffr5bn seen in 1993.

But the market remains difficult, especially for foreign investors hoping to find bargains, who are often regarded as vultures.

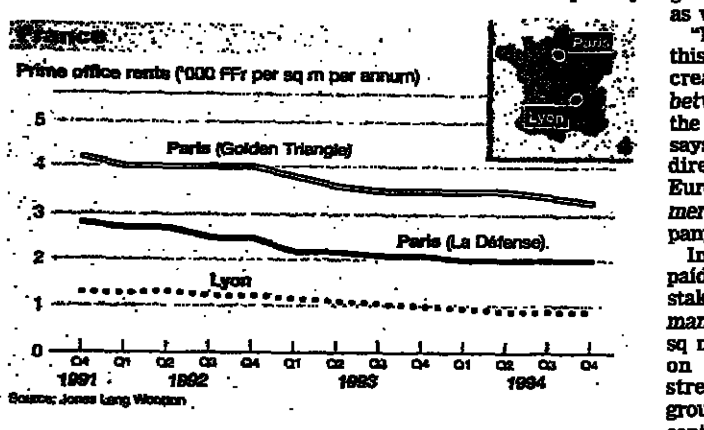
"It is possible to do deals in this market, but you need to be creative to bridge the gap between the expectations of the vendor and the purchaser," says Mr Oliver Ash, managing director of the continental European operations of Hammerson, the UK property company.

In November, Hammerson paid Ffr274m for a two-thirds stake in 54 boulevard Haussmann, which comprises 10,600 sq m of retail and office space on Paris's prime shopping street. Axa, the insurance group, has retained a 34 per cent interest in the property.

With the office market largely deadlocked, international investors have turned to the retail market. Large shopping centres have been the focus for especially tough bidding competition.

Hammerson, Rodamco, the Dutch investment fund, and Schroders International Property Fund all acquired large retail schemes over the year.

French funds have also started to get in on the act, having historically concentrated on the office market. It is a sign of the times that the largest investment deal of 1994 was the Ffr3bn acquisition of a shopping centre portfolio from Suez Group by Unibail, the French property company.



GERMANY

Clouds on the horizon

Stabilisation is the best that most German cities can hope for, reports Simon London

Germany's economic recovery may have come earlier and stronger than most forecasters predicted, but the outlook for the property market is not universally bright.

With only moderate employment growth expected over the next two years, and a steady supply of new buildings coming onto the market, stabilisation is the best that most German cities can hope for.

Müller International, the property agency, estimates that the top 12 German cities had 7m sq m of office space available to let at the end of 1994, up from 6.8m in 1993.

In addition, planning permission has been granted for an estimated 4.3m sq m of offices. Since annual take-up of office space has been running at only about 1.5m sq m, surplus space could remain a problem for years to come.

Against this background, rents were still falling last year. Müller calculates that average prime rents in Germany fell from DM44.96 a sq m a month in 1993 to DM42.28m at the end of 1994. Rents for non-prime offices fell further.

But these averages hide marked differences between cities in Germany's fragmented market. Researchers at Deutsche Bank tip Frankfurt and Hamburg to outperform the wider German market, because job creation is likely to keep pace with the supply of new office space coming onto the market.

Deutsche Bank expects prime rents in Frankfurt to stabilise at about DM55 – DM65 a sq m – or higher if some planned developments are postponed – against a peak of DM90. Frankfurt remained Germany's leading office market last year in terms of rents and the volume of space let. The decision to locate the European Monetary Institute (the forerunner of European Central Bank) in Frankfurt was a boost to the city's status, although the EMI itself will occupy only 14,000 sq m of offices.

Even in Frankfurt, though, the office market remains under pressure. The vacancy rate rose to 7 per cent 1994, moderate by international standards but far higher than the city has experienced in the past.

The imbalance between supply and demand is even greater in cities such as Düsseldorf, Stuttgart and Munich. Deutsche Bank expects take-up of only 220,000 sq m in Düsseldorf over the next four years, against potential supply of 700,000 sq m of new space.

Berlin faces perhaps the greatest imbalance as the eastern half of the city – especially the old Mitte financial district – is rebuilt to modern standards. About 300,000 sq m of offices and 100,000 sq m of retail space is being built on Friedrichstrasse, the main thoroughfare of the Mitte.

There are also numerous developments in suburban Berlin and grand plans for the rebuilding of central districts such as Potsdamer Platz. The city's property market could take years to regain balance.

It is some comfort that the proposed transfer of federal government from Bonn to Berlin now looks certain to go ahead. Agents report a marked increase in inquiries from potential tenants following last year's federal elections, the result of which virtually guaranteed that the proposed move would take place.

This should give Berlin a boost as private sector organisations seek premises close to the heart of government. Annual office take-up is expect to rise from the 200,000 sq m totals of recent years to perhaps 250,000 sq m.

Even so, it remains to be seen whether Berlin developers will be able to achieve rents much above the current DM45-DM50 a sq m commanded by prime space. The next few months will be critical as tenants sign leases on the first of the new schemes to reach completion.

"It is unlikely that developers on Friedrichstrasse will make a profit on completion of their buildings," said Mr Stuart Reid, of Weatherall Green & Smith in Berlin. But at least the Friedrichstrasse developers are likely to find tenants. Landlords in secondary locations, in Berlin and elsewhere, are likely to struggle.

Property agents point to a changing pattern of demand, with tenants consolidating their operations in large, modern offices and moving out of older, smaller sites. The overhang of secondary space will therefore continue to rise.

If the occupational market is still patchy in most German cities, though, the flow of private savings into property made the investment market one of the strongest in Europe in 1994. Despite the mixed outlook for rents, prime office properties – which make up 80 per cent of the average German institutional investment portfolio – have been changing hands on yields only a shade above 6 per cent, little changed on last year.

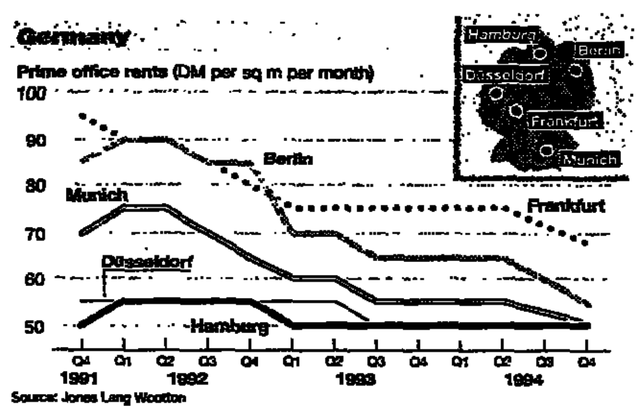
The flow of cash into Germany's 14 open-ended real estate funds was again the main force behind the investment market. Although there were signs that the inflow was slowing in the final months of 1994, about DM6.65bn was invested by private individuals during the year.

Even if the flood of private capital now becomes a trickle, many open-ended funds still have a backlog of cash to invest in property. This suggests that the funds will remain strong buyers for some time to come.

The flow of private investment into eastern Germany, through tax-advantaged closed-end funds, shows no sign of abating. Indeed, some analysts expect the level of investment through closed-end funds to increase over the next two years as investors hurry to beat the expiry of tax allowances in 1996.

The awkward question facing the investment market is what will happen to property yields when the supply of tax-driven liquidity dries up.

Analysts ask whether property values have become divorced from the fundamentals, especially in the case of secondary office properties which have been acqured by mutual funds chasing relatively high yields, but are unlikely to attract tenants.



EUROPEAN BUSINESS PROPERTY IV

SWEDEN

Banks line up for sell-off

A key question is what impact the disposal of the bank holdings may have on the gradual recovery now under way, writes Hugh Carnegy

The most striking feature of the Swedish commercial property market at the moment is the clutch of leading players lining up to deal themselves out of the business just as it is finally recovering from a long and deep recession.

This odd state of affairs is a hangover from the loan loss crisis that swamped the country's banks three years ago. The main source of the banks' woes was their over-eager lending spree to the booming real estate markets of the late 1980s. When the bubble burst, and property values collapsed, the banks were forced to take over thousands of properties in Sweden and abroad as collateral against failed loans.

The banks and the special companies set up to administer their property assets hold real estate in Sweden worth close to SKr50bn.

But now that the process of unwinding the bad loans and collating the property holdings is all but complete, they are looking to the next stage of selling off the assets directly, or the units set up to manage them.

This coincides with a stabilisation of the Swedish real estate market after the slump of the early 1990s when capital values and rents fell by 50 per cent from their 1990 peaks. But a key question is what impact the disposal of the bank holdings may have on the gradual recovery now under way.

The recovery is being driven by an upturn in the overall economy after a three-year recession. The economy grew by 2 per cent last year and is set to grow by more than 2.5 per cent this year, fuelled chiefly by a strong performance by Sweden's large export sector.

This has fed through to the property market, especially in prime locations. In Stockholm's central business district vacancy levels have fallen to around 5 per cent and in some areas they are lower. In Kista, a prime industrial park close to Stockholm's main airport, strong demand for space by Ericsson, the telecommunications group, has pushed vacancy levels down virtually to zero from as high as 30 per cent three years ago.

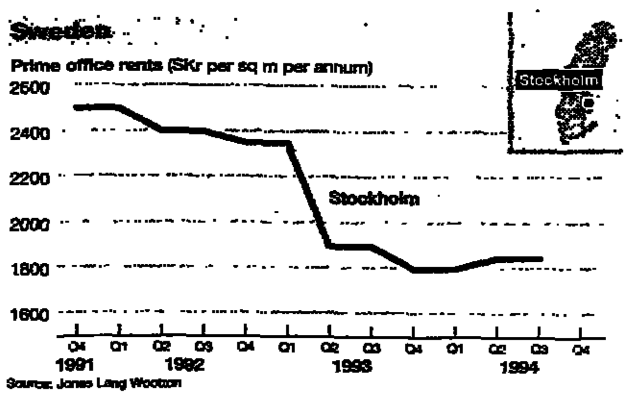
Yields have fallen back – a sure sign of a tightening market – to as low as 6 per cent in certain locations and rents have bottomed out.

But the upturn is still patchy. Overall vacancy levels in Stockholm are put at about 12-13 per cent, compared with 15 per cent at the bottom of the recession.

Top rents in central Stockholm are in the SKr2,000-2,200 range, still almost half the levels reached five years ago. New developments are almost non-existent.

"Since we have a big vacancy rate, it is hard to see a major upwards loop," says Mr Bo Lunn, senior Scandinavian partner at Healey & Baker. "It is going to take perhaps another two years before we have supply and demand in balance."

One factor that helped put a floor under the property market was the avoidance of a "fire sale" of distressed properties by the banks. In this, the state played a vital role by taking the bulk of the burden of their bad loans off Nordbanken and Gotabank, the two biggest victims of the credit loss crisis. A central part of the rescue of the two banks (Gota was taken over by Nordbanken, which is now wholly state-owned) was the creation of two separate "bad banks" to take over their bad assets.



The upshot was two new state-run companies, called Securum and Retriva, which now hold Swedish properties worth SKr15bn and SKr6.5bn respectively. They have been capitalised for 10-15 years to ensure they do not have to rush into property disposals.

The other banks were also given dispensation by the authorities not to have to dispose of their property holdings at a loss – meaning they could hold onto them until the market improved. This affected Skandinaviska Enskilda Banken's special real estate unit Diligentia, which holds Swedish properties now valued at about SKr12bn; Swedbank with a total portfolio – most of it Swedish – of SKr8bn; and Näckebro, Svenska Handelsbanken's property unit, which has Swedish assets worth SKr7bn.

Now, however, Securum, Retriva and the banks see some possibility to accelerate the pace of disposals. Securum has already successfully achieved the flotation of a unit packaging properties in the north of Sweden. Most prominently, S-E Banken announced last month that it intended to spin off Diligentia within two years – much more quickly than it previously intended. It wrote down the value of the real estate holdings to be grouped in Diligentia by SKr1.3bn to SKr15.6bn as a preparatory move.

The calculation within the banks is that they may be able to take advantage of a revival of activity among investors within the property sector. In recent months, there have been moves by several Swedish real estate companies to restructure through takeovers or by altering their portfolio balance. Mr Lunn of Healey & Baker says he anticipates the insurance companies, badly burnt in the slump, will return to the property market. The banks think their holdings could be attractive targets in this process.

"There are a number of listed property companies that do not have the volume of properties they need to match their overheads," says Mr Erik Afors of Retriva. "It is a question of economies of scale. I think we will see more deals coming up."

The banks clearly believe they can manage their withdrawal without creating a "double dip" property recession by flooding the market just as it is picking up. They are therefore hoping the process will not take as long as they feared when the credit loss crisis was at its height. But nor are they rushing for the door.

"A bid could be made for the whole of Näckebro next month," says Mr Bo Strage, the unit's chief. "But we haven't changed anything in our strategy. We created these (property companies) to avoid a dumping effect on the market because then we would have had no market. It could still take a number of years."

THE NETHERLANDS AND BELGIUM

Modest recovery recorded

For the first time since the mid-1980s, the supply of office space showed a small decline last year, writes Ronald van de Krol

The Dutch commercial property market staged a modest recovery last year, raising hopes for a continuation of the gradual upward trend during 1995 as the economy picks up strength after nearly falling into recession earlier in the 1990s.

For the first time since the mid-1980s, the supply of office space, either immediately available or readily available, showed a small decline last year, ending a long period of increases.

"Numerically speaking, the decline in supply was about 2 per cent, but the supply is still sizeable at a about 2.8m square metres, or 12 per cent of the total national office stock," according to an analysis by the Amsterdam office of Richard Ellis, the property consulting firm.

It estimates that 1.15m sq m of office space was taken up in 1994. Although this was about 10 per cent less than the year before, 1993 was an unusual year because of strong demand for office space from government departments.

Richard Ellis says the most active sector last year was the "secondary" office market: office buildings that are generally modern but in non-prime locations, appealing to companies who place a greater priority on cost-effectiveness than on a prestigious location.

"It is in this sub-sector that a very large portion of the over-supply was created and it is therefore encouraging to see strong take-up occurring with minimal speculative development," the company says.

DTZ Zadelhoff, the big Dutch property agent, also regards 1994 as a very satisfactory year for the commercial property market, with take-up demand stronger than it had expected. But it sounds a few cautionary notes to temper the optimism sparked by Dutch economic recovery and the corresponding demand for business properties in 1994.

"The office market, for instance, faced increasingly difficult access by car to city-centre and motorway locations," it says in a research report.

"In addition, with many occupiers opting for office space close to motorways, there was much less interest in premises close to stations, resulting in increased vacancy rates at such locations."

The swing away from railway station sites to properties with easy motorway access is just one recent trend to emerge in the Dutch commercial property market, and it is linked in part to the decline in demand from government agencies. Another development is the leading role on the investment side played by foreign investors.

Dutch property investors have tended to look abroad in recent years. When they have put money into the Netherlands, they have concentrated on retail and residential properties. This has left the office property field mainly to foreigners, led particularly by the Germans and to a lesser extent the Swiss.

DTZ Zadelhoff estimates that German investors accounted for Fl465m of the Fl740m invested by foreigners in 1994.

Foreign interest tends to be focused on the Netherlands' Randstad, the western region near the North Sea coast that includes the cities of Amsterdam, The Hague and Rotterdam.

Despite the upturn in the market, rent levels were broadly unchanged in 1994 and are not expected to change dramatically in 1995.

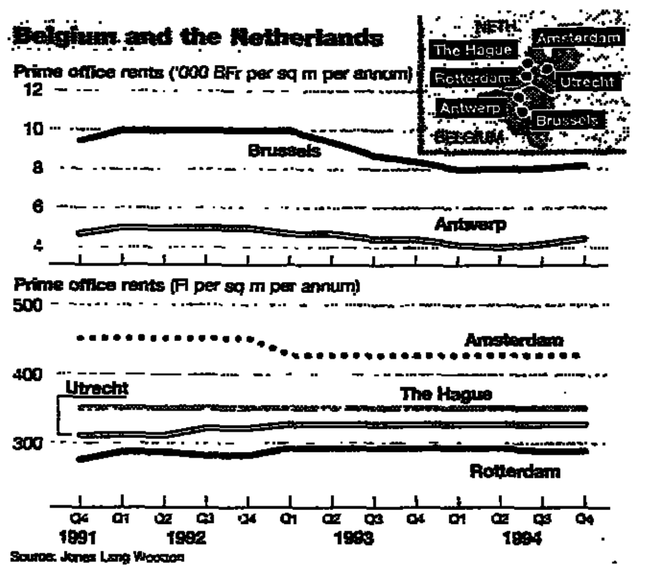
Part of the reason for the 1994 recovery, apart from the generally improved economic climate, was the fact that only a moderate amount of new office space was built or completed and ready for rental.

The same is expected to hold true for 1995, although there are noteable exceptions.

Amsterdam's tallest building, the 135-metre Rembrandt Tower, is due to be completed in the summer, adding 30,000 sq ft of office space to the Dutch capital's supply.

The tower, reminiscent of US-style skyscrapers and therefore something of a novelty in Amsterdam, was planned as the first of possibly three tall buildings that may spring up around the city's outlying Amstel railway station.

The eventual decision on whether the other buildings will be constructed will say a lot about the state of the Dutch market, but is not expected to be taken in the short term in any case, with much depending on how quickly the Rembrandt Tower attracts tenants.



Generally, sentiment towards the office market in Amsterdam is strong, particularly in and around the city centre. But this is not true, uniformly, around the country.

The market in Rotterdam, for example, is softer than in Amsterdam, with interest in office space in the city centre under pressure.

Elsewhere, the picture is mixed. DTZ Zadelhoff said a shortage of modern, well-situated office buildings has emerged in a few regions, such as Groningen, Enschede, Arnhem, Eindhoven and Breda.

Compared with the situation in the Netherlands, Belgium's office property market has a bit further to go before the process of recovery takes hold. Richard Ellis forecasts that a strengthening in Belgium, which now seems to be poised to come out of recession, will probably not emerge until 1996-97.

In and around Brussels, the vacancy rate has increased marginally to 8 per cent.

At the same time, the earlier trend towards fragmentation of the market has continued, with properties along the Avenue Louise approaching vacancy rates of 20 per cent.

Demand exists for new properties but there are fewer and fewer new buildings to be had. In fact, the availability of space in this sector has fallen to such an extent that new properties represent just 10 per cent of current supply.

"On the other hand, poorer quality and secondary space is increasingly available and comprises an ever larger proportion of overall availability," Richard Ellis says.

Another trend – the move away from the city centre because of congestion, to areas on Brussels' periphery and beyond – has also persisted and accelerated. "Although the process of decentralisation is easy to overestimate, the trend is supported by hard figures," it says.

THE PROPERTY MARKET

The mobile office

Technology is reducing demand for space, says Simon London

Multinational companies are beginning to explore the introduction of flexible working practices, such as desk-sharing and home working, using mobile communications technology.

This could be the next step for manufacturers such as Whirlpool, the domestic appliances maker, which – as *The Property Column* explained last week – has radically reduced its consumption of property by re-engineering its business.

So far, it is the companies that sell the communications technology that have been first to examine the possibilities.

International Business Machines has halved its office space requirement in the UK to roughly 2m sq ft over the past three years. Mr Michael Brooks, property director of IBM (UK), estimates that about 400,000 sq ft of this reduction is the direct result of flexible working.

The company estimates that its offices cost on average £30 per sq ft to rent and run, which implies annualised savings of about £12m.

The full cost equation is not quite as simple. Equipping 6,000 staff with laptop computers – allowing them to work away from the office and at different desks at different offices – has not been cheap. Communications infrastructure is also required to support this mobile technology.

On the other hand, flexible working aims to increase the productivity of sales and support staff, although these benefits are difficult to measure.

The most telling statistic is that each employee in IBM's central marketing and services operation now consumes 180 sq ft of space, down from 230 sq ft three years ago.

The show-piece of IBM's new culture is its national marketing centre at Bedfont Lakes, near Heathrow airport. The building, designed by architect Michael Hopkins around a large central atrium, opened two years ago.

> **The introduction of flexible working among some staff has brought IBM clear benefits**

Sales and marketing staff share desks and offices and are encouraged to use the central cafeteria area as an informal meeting place. This has greatly improved the efficiency of the building.

Mr Brooks says: "Most of the desks in our old buildings were empty most of the time. The buildings were used to no more than 25 per cent of capacity during a normal working week."

He estimates that capacity utilisation at Bedfont Lakes is closer to 60 per cent. This could be increased further by eroding boundaries within the building. Business groups could lose dedicated spaces, for example, so the whole building becomes communal.

However, the company recognises that there could be hidden dangers in chipping away at its employees' territorial instincts.

"We have to be careful not to damage group identities," says Mr Peter Wingrave, design and construction manager. "The invisible glue which holds the company together may have to be provided in other ways."

So far IBM has concentrated on sales and marketing jobs, which are inherently mobile. It is cautious about applying similar methods to "static" administrative functions, which would involve the introduction of home working.

Pilot schemes have shown that, while some staff are keen to participate in home working, others are deeply suspicious. "I am not convinced that there is much to be gained from a big leap towards home working. The benefits will come over time but only slowly," says Mr Brooks.

Even so, the introduction of flexible working among its "mobile" staff has brought IBM clear benefits.

The change would not have been possible within its old buildings. The flow of staff, customers, contractors and ideas around Bedfont Lakes is only possible because of the building's open design.

Mr Wingrave describes the building as a "marketplace". Even a short visit endorses this view. Unlike a traditional office building, the central atrium is alive with the sound of chance meetings, conversation and the exchange of ideas.

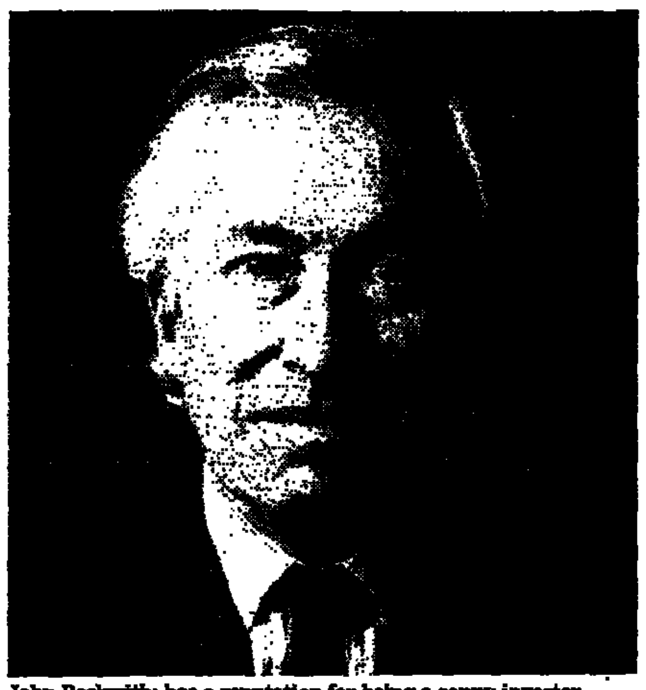
The message from IBM is that flexible working both reduces the amount of office space required and demands a new type of space.

How far these practices spread remains to be seen. Given the nature of its products, IBM has a vested interest in making a success of flexible working.

As IBM knows only too well, though, the price of information and communications technology is falling all the time. By the time other industrial and service companies have finished their latest round of re-engineering, the capital cost of moving to flexible working will be much less of a barrier.

John Beckwith's new venture aims to offer diversification of risk

Series of funds planned


John Beckwith: has a reputation for being a canny investor

Of all the highflyers in the 1980s property boom, Mr John Beckwith escaped the subsequent downturn with his reputation least tarnished. London & Edinburgh Trust, the company he set up with his brother Peter in 1971, was sold to SPP, the Swedish insurer, for £491m at the peak of the market in 1990.

Since then, instead of trying to recreate the success of LET, Mr Beckwith has chosen a different tack. Through Beckwith Capital Partners, the main vehicle for his business interests, he has acquired a half share in River & Mercantile, the venerable investment trust manager, and a stake in Riverside, which operates an expanding European chain of tennis and leisure clubs.

He also has private interests in property development projects, ranging from warehouses in Surrey to offices in Prague.

Today sees the launch of Beckwith Property Fund Management (BPFM), a joint venture with Richard Ellis, the surveyors, and AIG, the US-based insurance group. The threesome plan a series of international property investment funds aimed at institutions and wealthy individuals.

A £25m fund providing mezzanine finance to the UK property market is close to being finalised. A fund of about \$50m-\$75m for central Europe and larger vehicles for investment in France, Spain and the Far East are planned.

The partners believe that institutions will shift towards indirect investment in property over the next few years, preferring to buy shares in investment funds rather buying buildings outright.

"We are trying to create a property version of Gartmore [the successful fund manager floated on the London stock market in 1993]," said Mr Andrew Huntley, chairman of Richard Ellis and deputy chairman of the new venture.

With each partner committing several million pounds to BPFM, it will have sufficient capital to invest alongside outside institutions in the planned series of funds. It is envisaged that AIG will invest in the funds in its own right – especially in Asia, where it has extensive insurance operations – as well as taking a stake in the new fund manager.

But why should other insurance companies or pension funds sign up for BPFM's funds rather than going it alone?

According to Mr Beckwith, the main attraction is the ability to diversify risk by investing in a pool of assets rather than buying an individual building.

There is also the promise of liquidity, since the funds will either be listed on local stock markets or offer the promise of a listing at a later date.

However, it will only be possible to achieve diversity of risk and liquidity if each fund achieves a critical mass. Mr Beckwith hopes that AIG's involvement will attract other North American institutions which want to invest in international property markets.

The response of European institutions – well aware of his reputation as a canny investor – probably depends on the structure of each fund.

Simon London

COMMERCIAL PROPERTY

MANAGEMENT

Leonardo Del Vecchio (left) and Pasquale Natuzzi feel they owe a debt to the towns that launched them on the road to wealth

There's no place like home

Italy's Luxottica and Natuzzi are showing that remote locations need not hinder growth, writes **Andrew Hill**

Agordo in Italy's Dolomite mountains, and Santeramo down near the heel of the Italian peninsula, are a long way from Wall Street. Yet these small towns – at opposite ends of the country – are home to two of Italy's most successful exporters: Luxottica, one of the world's biggest manufacturers of spectacle frames, and Natuzzi, which makes leather sofas. Both are listed on the New York Stock Exchange.

Their links to the US market are not merely financial. Just under half of Natuzzi's sales come from the Americas, and nearly 40 per cent of Luxottica's 1994 turnover was from US operations. Last week, Luxottica launched a $1.1bn (£690m) hostile bid for US Shoe, an Ohio-based retailer, in a move aimed at protecting and expanding its share of the North American market.

The international success of these two Italian companies is a matter of pride both for their founders – sober-suited Leonardo Del Vecchio at Luxottica, and the flamboyant Pasquale Natuzzi – and the small towns which fostered them. But expansion could subject the traditional Italian bond between prosperous family-controlled enterprise and local community to new strains, obliging the companies to examine new strategies for growth.

Other labour-intensive Italian exporters have already been forced to look beyond Italy's borders for cheaper manufacturing locations.

Fila, the Italian sportswear and sports shoe manufacturer, which is also quoted in New York, started as a family-owned knitwear manufacturer in 1926, but now less than 10 per cent of its goods are made in Italy. Marzotto, the textile and clothing manufacturer which is one of Luxottica's neighbours in the Veneto region, has been cutting jobs at Valdagno, where the group was born, and elsewhere in Italy. It has invested in yarn and thread manufacturers in the Czech republic and Tunisia, where labour costs are a tenth of those at home.

However, both Del Vecchio and Natuzzi still feel they owe a debt to the places that launched them on the road to wealth. Agordo and Santeramo were facing similar problems of emigration and economic decline in the 1950s and 1960s, before Luxottica and Natuzzi arrived, but they have since been rewarded with unprecedented investment in jobs and plant.

Del Vecchio, who now commutes by helicopter between the Dolomites and Milan, is proud that Luxottica employs someone from almost every family in Agordo and the surrounding area, while Natuzzi praises the "potential and productivity of the people of the south".

Success has come in spite of geographical location. Santeramo may be a short distance from the ports of Taranto and Bari, for example, but Natuzzi's sofas have to travel across the peninsula to the container ports of Naples or Salerno for shipping. Luxottica's products are easier to transport, but in 1986 the group's headquarters and main manufacturing facility were cut off by snowstorms for seven days. That prompted investment in a more accessible factory, also in the Veneto, like the other Luxottica plants.

Long experience and increasingly sophisticated computer links between manufacturing and distributing operations have reduced such problems to a minimum, however. As Luigi Francavilla, director-general of Luxottica, puts it: "If the industry is good, it works wherever it is."

The 1992 devaluation of the Italian lira, and its subsequent weakness against the US dollar and the D-Mark have also helped. But now the companies are looking for new ways to expand. Both have turned to direct retailing of their products as a way of gaining market share. Luxottica's bid for US Shoe is its first attempt to buy into the stores which sell its products, while Natuzzi has developed its Divani & Divani chain of franchised furniture stores to sell its sofas in Italy and certain foreign markets.

Expansion has also obliged Luxottica and Natuzzi to intensify their search for and training of local workers. Natuzzi, although based in an area of high unemployment, has faced the biggest problem. As Giuseppe Desantis, chief operating officer, explains: "We can't increase the productive capacity overnight. We have to take on qualified people, and if we don't have people who know how to cut leather and upholster, we can't continue to grow production."

Although there are plenty of jobs to go around, both Natuzzi and Luxottica have examined the possibilities of manufacturing elsewhere. Natuzzi looked at manufacturing in the US or even Mexico, but discovered it would have cost more to produce in the US than in Italy, while Mexican-made sofas would have been "badly received" by the clients. In any case, Pasquale Natuzzi remains a Versace-dressed missionary for the virtues of a much-maligned southern Italy, where industry has been neglected.

He is backing that vision with plans for investment. Last November, Natuzzi announced it was considering a L900bn (£331.24m) investment in a new 300,000 sq m factory in Santeramo, dependent on backing by the Italian government or European Union. That would lift production capacity three-fold and add 5,800 employees to the group's payroll of nearly 2,200 people.

Luxottica has also been investing in its Agordo facilities, but at the same time Del Vecchio and his colleagues have looked at the options for low-cost manufacturing. Rivals are already taking advantage of cheaper suppliers.

Indeed, Luxottica's US Shoe bid is partly an attempt to wrestle back market share from East Asian imports, which Del Vecchio claims are being sold at the same price as Luxottica products through US Shoe's LensCrafters chain of stores.

"If at a certain moment, we have to produce outside Italy we would do it, to defend the integrity of the company and shareholders, and also to defend the workforce in Italy," Del Vecchio explains.

For the moment, however, he – like Natuzzi – is backing the quality and efficiency of his Veneto plants. It seems that what Italians call "il made in Italy" will have to lose a lot more ground, before the workers of Agordo and Santeramo need worry about their future.

Jobless Swedish executives have the chance to start their own businesses, says **Andrew Bolger**

Enterprising idea for career renewal

Unemployed Swedish executives are being offered an intriguing challenge: work without pay for six months, and you could end up with a stake in your own company.

Stockholm-based MGruppen, one of Europe's oldest management institutes, has created a scheme called Renewal Enterprises, which has had considerable success in placing white-collar workers back in employment.

Executives receive only their usual unemployment benefit when attending the Renewal scheme. Ideas for their new businesses – mostly in the service sector – come either from unemployed individuals or from people with good ideas who are happy for MGruppen to test their feasibility.

Last year more than 2,000 people participated in Renewal Enterprises in cities across Sweden. More than half ended up with full-time jobs – either in their own or other companies. This compares with a success rate on Swedish government-funded jobless projects for all types of worker which can be as low as 2 or 3 per cent.

Having enjoyed decades of high employment, Sweden saw its jobless rate soar in the early 1990s as the economy was hit by high interest rates, fiscal crisis and recession. For the first time thousands of highly qualified, white-collar workers were out of work.

Lars Osterlind, chief executive of MGruppen, recalls: "Travelling to work every day, I saw more and more offices being cleared out. Signs appeared urging you to rent vacant space. At the same time, my desk was filled up by one analysis after another showing a new pattern in the structure of employment.

"The excess of empty offices, the demand for a new types of service business and this resource of white-collar workers who were available gave me the idea."

MGruppen, a private-sector institute, receives a fee from the local state unemployment agency of between SKr28,000 (£2,375) and SKr52,000 for each candidate, which also covers the rental of office space and equipment. The institute chooses small management teams and matches them with business ideas. The teams then receive two weeks of intensive instruction, during which they are schooled in business methods and hammer out a business plan.

Pehr Garpegard, a former sales and marketing executive who was a participant: "These were the most terrific, bewildering and work-intensive weeks of my life."

Renewal Enterprises deliberately drives people hard during these early weeks, testing their ability to work together and the viability of the business ideas. Renewal retains ownership of each proposed company and does not hesitate to replace executives who do not measure up.

Many working executives have ideas that could be turned into viable businesses

If the business plans appear to be viable, the ventures are established as limited liability companies and recruitment begins. The companies take on unemployed workers who receive only their state unemployment benefit during six months of "on the job training".

The operations typically share offices and computer equipment. In Swedish egalitarian style, all employees take turns cleaning lavatories, sweeping floors and emptying waste paper baskets.

Osterlind says: "The belief in success must be greater than the fear of failure. It is important not to be discouraged by the first setbacks – they tend to come before success. The secret is to look for possibilities, not problems."

Kjell Westerberg, managing director of Renewal, adds: "The managers have to calculate as if they have real payroll expenses. If you don't do it, you fool yourself by creating a false picture of the company's ability to survive."

At the end of the six-month period, the companies are evaluated and the successful ones hived off, with the equity going to the managers and employees. It is at this stage that individuals who passed on business ideas are rewarded with licensing agreements or equity stakes. Renewal does not receive any equity in the companies, although it sometimes keeps a representative on the board.

One of Renewal's most successful ventures is the brainchild of Birgitta Frejhagen, a former executive director with the Swedish insurance group Folksam. She now has a 70 per cent stake in Information and Competence, a company employing 40 people.

Frejhagen, an information technology expert, spotted that the restructuring of Swedish industry had created a gap in the market. Companies now want blue-collar and junior white-collar workers to take increased responsibility – but many of these staff need help to do so.

Frejhagen's company teaches information technology, economics and social skills – such as conducting a meeting. "We train them in self-confidence – that's our main achievement," she says.

MGruppen would like to extend the Renewal principle beyond the jobless. It believes many working executives have ideas that could be turned into viable businesses, but they do not want to take the risk of giving up their present jobs to put them to the test.

The institute would like executives to be able to take extended leave of absence from their present employer. They could then test their business ideas, but still be able to return to their main career – whether or not the ideas bore fruit.

Bjorn Rosengren, chairman of the white-collar union federation TOC, says: "Renewal Enterprises is the future when it comes to creating new jobs."

ARTS

Youth and experience wield the baton

The Stockholm Philharmonic Orchestra is coming in from the cold. **Richard Fairman** reports

The weather forecast predicting that Stockholm would be the coldest capital in the world proved to be over-pessimistic. It was a crisp and sunny day as journalists arrived at the press conference announcing the appointment of a new conductor for the Royal Stockholm Philharmonic Orchestra.

The drive to get more international coverage for the orchestra is an important part of the management's overall plan. Sweden has been through a few icy years in its economy and, as growth starts to bring a thaw, it is important that arts institutions position themselves to benefit from a changed economic climate as effectively as they can. Europe has a number of orchestras – Birmingham and Oslo, Lyon and Leipzig – which raised their international profile in the 1980s and Stockholm does not want to get left behind.

There was a surprise for the press gathered at the Stockholm Concert Hall. The orchestra has decided to go back to an earlier arrangement, whereby it has not one, but two conductors with equal responsibility: joint principal guest conductors Andrew Davis and Paavo Järvi, representing experience and youth respectively. Davis has won a reputation as an effective orchestral trainer at the BBC Symphony; the Estonian Järvi, only 33, is an investment for the future.

Ake Holmquist, the executive and artistic director of the Stockholm Concert Hall Foundation, is confident there will be no clash of interests. "They are both open-minded people", he says. Andrew Davis will be in charge of the first foreign tour and brings with him his recording contract with Warner Classics (he will be making recordings on the Finlandia label, which Warner recently acquired). Paavo Järvi will make recordings for Virgin.

Holmquist hopes that both will encourage Swedish music. Davis may record some Berwald, Järvi some Stenhammar. As he remarked, it helps to raise the standing of Swedish composers if conductors from abroad are seen to take them seriously. I put it to him that Sweden's musical profile has lagged behind that of the other Scandinavian countries in recent years: Norway has the Oslo Philharmonic, and Finland has energetically promoted its living composers, like Sallinen.

He thought the lack of a national figurehead was a major disadvantage. "Finland has Sibelius, Norway has Grieg, Denmark has Nielsen, but what about Sweden? Since the war we have had marvellous singers like Nilsson and Söderström, and from the 1980s instrumentalists like the trumpeter Hakan Hardenberger have come forward, but they do not embody their country in the way that a national institution – like an orchestra or an opera company – can."

Holmquist's policy for increasing awareness falls into two parts: to send the orchestra out on tour and to bring what is already going on at home to notice overseas. How many people know that each year the Stockholm Concert Hall is host to a festival devoted to a 20th-century, and usually living, composer? The featured composers are alternately Swedish one year, foreign the next. Penderecki and Lutoslawski have already taken part, conducting and talking about their music.

Holmquist explains that the festivals have justified themselves by drawing a new and younger audience. "Most contemporary music festivals are for experts, not for the average music-lover. We found that people need to see the music put in context. It is important to choose a living composer who can be present, and also one whose music reveals artistic or human development. When we scheduled a piece of new music in the middle of a programme of standard classics, people complained that they didn't want modern music. Yet for these festivals we drew audiences over 90 per cent from the start."

The commitment to 20th-century music extends to one-off concerts. The evening before the press conference, John Adams was in Stockholm to conduct an all-American programme. In Ives and Copland the orchestra's untidy playing was a long way from the quality it showed on its last visit to London, but in Adams's own violin concerto the music-making found more purpose. Among new concertos, this is one of the most effective, even if its slow movement is too close to Britten's concerto for comfort. The solo part was elegantly played by Kurt Nikkanen.

How will he finance such bold programming if Sweden's traditionally generous public support ebbs away? "When I arrived in 1986 public support was 86 per cent. Now it is down to 65 per cent. Since the recession our grant has not kept pace with inflation. If the orchestra wants to fulfil its ambitions, it will have to find the money for itself. Sponsorship is relatively new here, and at first was politically controversial. When Trygg-Hansa announced its sponsorship of the orchestra in 1988, there was a debate in the main concert hall at which the minister said, 'I have my insurance in Trygg-Hansa and am not prepared to pay through them as an individual to the Stockholm Philharmonic'. Then his position in government changed and he found himself looking for sponsorship for a national encyclopeadia.

"It is ironic that Trygg-Hansa wanted to be as discreet as possible about its sponsorship, but the tax authorities said that the company had to advertise its involvement more prominently if it was to protect its tax advantages. Trygg-Hansa was posed the question: 'Is this sponsorship really marketing or just financial support?'. Over seven years it has given up to 40m Swedish krona.

"Most Swedish arts organisations accept sponsorship these days. We are entering a period in which private companies, especially exporters, are doing well, while the government is weighed down by public debt, so I believe the balance is likely to tilt further. We have received two messages from government: there is no more money so you will have to help yourselves, and whatever else you do, you must keep ticket prices within reach of anybody who wants to attend."

That is a thoroughly Swedish principle, which could be another valuable cultural export. Indeed, marketing of the arts in Sweden worldwide is at the top of the agenda. In 1998 Stockholm will be Cultural Capital of Europe. The city's orchestra is making sure it will be ready.

Theatre/**Alastair Macaulay**

Agamemnon's Children

Even in translation, the Greek tragedies continue to ring in our minds. Did they ring in Shakespeare's too? I was not alone in hearing the Hamletisings in Orestes's dilemma in Wednesday's premiere of *Agamemnon's Children*, a fresh and vital triple bill of seldom seen Euripides plays now at the Gate Theatre. Yet Euripides sometimes sounds not like Shakespeare's forebear but like a modernist of our own era.

Euripides becomes yet more modern and colloquial in the translations for *Agamemnon's Children* by Kenneth McLeish. "You are Daddy's daughter, not Mummy's," Clytemnestra tells Electra; Helen darlings and sweethearts her daughter Hermione; Orestes asks Pylades "Are you thinking what I'm thinking?" I find that McLeish often pushes Euripides's parlance into the up-to-date chattiness of Aristophanes, and that he turns Euripides's sentences from their complex late-Shakespearian twists and turns into Pinteresque fragmentation. But what I love is that he makes me re-think the Aristophanic and Pinteresque (and other) resemblances in Euripides; at almost no point does he draw attention to himself. When, in *Iphigeneia*, he gives occasional rhyming couplets to the chorus leader, he makes us think not of his own wit as a rhymester but of the way that Shakespeare rounds off a scene.

The Greek tragedians wrote plays in trilogy format, but Aeschylus's *Oresteia* is the only trilogy that now survives. There are, however, so many narrative links between some of the other plays that it is tempting to create other trilogies. Four years back, the RSC staged Sophocles's three "Theban" plays; and last year, in a maddeningly dull Young Vic production, *Omma – and the Luck of Thebes*, McLeish linked chunks of the same three plays to Aeschylus's *Seven Against Thebes*.

Agamemnon's Children works remarkably well. (It should, however, have been made more clear that Euripides wrote two extant *Iphigeneia* plays, and that this one is about her in exile in Tauris.) One can argue about some of the anachronisms of Laurence Boswell's production, of Mike Sands's music, and of Christian Flint's choreography; one can certainly argue about some of the performances. The whole event, however, has its own style, wit, and communicative urgency.

This is Boswell's farewell production as artistic director of the Gate, and after last year's clunking account of Marivaux's *The Cheating Hearts* it is good to see him return to the form that made his stagings of Lope de Vega's *Punishment without Revenge*, *Madness in Valencia* and *The Great Pretenders* so distinguished. The treatment of the space is imaginative, even by Gate standards. The audience sits on either side of the stage space, in specially created tiered seating that transforms the Gate into a miniature Epidauros; Anthony McIlwaine's basic set is economically transformed into a different locale for each play; actors and chorus members enter either from centre-stage, from either side of the auditorium, or (trust Clytemnestra to be different) from beneath. Costumes are in ancient mode with a few modern trimmings.

The most surprising and rounded interpretation of all is Barbara Flynn's as Iphigeneia. Iphigeneia, presumed by civilised Greece to have perished long ago at Aulis under her father's sacrificial blade (see Euripides's other *Iphigeneia* play) and dwelling in exile in barbarous Tauris, is the loneliest of heroines; and many of us conceive her in the grandly austere terms of Gluck's or Goethe's 18th-century neoclassicism. Flynn catches the loneliness with soft-voiced utterance and motionless stance, and can inflect her with the ritualistic amplitude appropriate to an ancient priestess. But her Iphigeneia is also dry, witty, no-nonsense; as real and modern as Euripides's more shocking heroines Phaedra and Medea. Just because she never melodramatises a single episode, the recognition scene between her and her brother Orestes – surely the most affecting such scene in all drama – is all the more radiant.

The productions's other triumph is Mike Sands's music and the excellence with which it is sung. We are not aware of cues; pulses are sometimes insensible; the choral odes seem to arise automatically from six or more women at once. The music is a skilful blend of plainsong, kaddisch, and African and Sephardic chants, with exceptionally fine touches of various fioritura, and with striking harmonies between different vocal registers. You can find faults in some of the acting – Sara Mair Thomas's intense Electra overdoes the vocal tremolo and wide-eyed neurosis, and Charles Daish's Orestes is so subdued that his torments have no particular impact. But these performances are certainly engaged, and you have to smile at the Zsa-Zsa inflections which Thalia Valeta brings to Helen ("I wonder, dulling, if you would mind..."). Euripides lives, and is very welcome.

'Agamemnon's Children' is at the Gate Theatre, W.11, until April 1.

Alastair Muir

Barbara Flynn: she catches the loneliness of Iphigeneia

Ballet/**Clement Crisp**

Saints and Shadows

This year Arc Dance Company celebrates its tenth birthday, and for the troupe – which he directs – Kim Brandstrup has made more than a dozen works. Brandstrup is a product of the London Contemporary Dance School, but in his native Denmark he also studied film, and his creations have in various degrees been distinguished by his understanding of cinematic techniques. An acute sense of the possibilities of lighting; an awareness of how narrative may be cast in oblique yet telling terms – this last important in that he has made dance-adaptations of plays; a fluidity in shaping events and movement that owes something to film editing and cutting – these inform his work and give it a very personal and poetic look.

Nowhere more potently so than in *Saints and Shadows*, which received its first London performance on Wednesday night as Arc Dance began a short Sadler's Wells season. It is a study of the All Saints Day rituals and festivities in Mexico. Arc's Franciscan poverty – blessed in a world where idiot choreography is decked with official cash as an alternative to talent – means that the staging is austere and also imaginatively rich. (Design by Craig Givens; lighting by Tina MacHugh; both splendid).

A ladder like a Noguchi sculpture at stage left is the passage whereby the dead return and the living may ascend. At the rear, lamps to suggest a bar, and a shadowy prospect of a walls. In this arena, Brandstrup places his nine admirable dancers, and his choreography contemplates the extraordinary rites for the Day of the Dead, where joviality mixes with reverence, and the dead may walk again amid the sugar skulls and the bright sound of bands. (How different our chill graveyards and the smell of chrysanthemums.)

What Brandstrup does so well is to convey the joys and terrors of Mexican peasant faith – that admixture of Catholicism and Indian beliefs – linked to an acceptance of death. He does this through constant shifts of emphasis between mysterious ascents and descents of men on the ladder, with the tremendous Kenneth Tharp dominating the action as a revenant, and displays of popular dance. Ian Dearden's fine score shifts between echoing sonorities and the real sound of *salsa* and *meringue* in the same way that Brandstrup switches moods between the demotic of celebration and the aspirations of the faithful.

The imagery is haunting. Brandstrup has taken his choreographic camera into bars and graveyards, into a society. His editing – his dance invention and his secure sense of form – is bold yet complex, exactly judged. We know, and are moved by, what he has seen. *Saints and Shadows* is a very fine work, and it is wonderfully danced by Kenneth Tharp, by Paul Joseph who is shown as a young buck touched by Death, and by their colleagues.

This recent piece (it was first shown in Copenhagen last summer) is a constant of Arc's programmes this week. On Wednesday night it was given with Brandstrup's beautiful *Orfeo*, made for London Contemporary Dance. The dazzling idea is to cast the narrative in terms of baroque theatre and dress (Craig Givens' costuming is a feast for the eye). The dance manner, like the design, is grand, restrained, with a Noh-like clarity and intensity. Purged of emotional decoration – movement has the formal power of Alexandrines – the choreography renews the tragedy, and in what I can only describe as a heart-warming trick, restores Eurydice to Orpheus at the end.

It is a beautiful work of art, and is magnificently danced by Tracey Fitzgerald as Eurydice, Paul Joseph as Orfeo, Kenneth Tharp as a pantherish, stalking Death, and Mark Ashman as Apollo, white-clad and grand as that master of baroque dance, Gaetano Vestris (who said, when a lady trod on his toe: "Madam, you have put all Paris in mourning for a week"). Arc Dance's season ends on Saturday, and I recommend it to you.

Arc Dance at Sadler's Wells until Saturday. *Othello* alternates with *Orfeo* in repertory with *Saints and Shadows*.

Royal Academy to host African exhibition

The most comprehensive exhibition of the art of Africa ever held in the UK is the highlight of the 1995-96 season at the Royal Academy. With over 600 exhibits, it is the centrepiece of the African Festival which is taking place this year throughout the country. The displays range from Ancient Egypt, through the treasures of Benin, the wooden figures of the Fang and the textiles of Zaire, to the Mamluk art of medieval Cairo. The exhibition opens on October 5 and runs until the end of January 1996.

The other major exhibitions at the RA include a centennial show devoted to Lord Leighton, a former president; the work of Gustave Caillebotte, who died young and is dubbed "the unknown Impressionist;" *From Manet to Gauguin*, a group of 60 little known Impressionist masterpieces from Swiss private collections; and *David Hockney: Works on paper*. In February 1996 there is an exhibition of the art of Sir Roger de Grey, the previous RA President, who died last month.

Although its attendances were up slightly last year, to 952,000, the RA made a loss of £647,000 on a turnover of around £13m. This was mainly due to a fall in corporate sponsorship. The accumulated surpluses from the previous three seasons wiped away the shortfall, but the RA (which gets no government grant) is continuing its efforts to broaden its income, becoming less dependent on sponsors and more on its Friends (at over 70,000 the largest such group in the UK), admissions, and trading activities.

In May the RA is publicly to announce its plan to take over the adjacent Museum of Mankind (which is moving back into the British Museum) and devote it to architecture. Michael Hopkins has been chosen as architect to the scheme.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

GALLERIES

Amsterdams Historische Tel: (020) 523 1822
● Hunger, Winter and Liberation in Amsterdam: exhibition that marks the changes in Amsterdam during the last months of WWII and the Liberation; to Sep 3

Jewish Historical Tel: (020) 626 9945
● Taking a Stand: exhibition shows the work of two artists, Ralph Prins and Felix Nussbaum to commemorate the 50th anniversary of the Liberation. Nussbaum was killed in Auschwtz and Prins was one of the survivors of the Theresienstadt camp; to May 7

■ BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 341 9249
● Die Zauberflöte: by Mozart. Conducted by Lawrence Foster/Sebastian Lang-Lessing/Stefan Soltesz and produced by Günter Krämer; 7pm; Mar 10, 13, 15
● Martha oder Der Markt zu Richmond: by Friedrich von Flowtow. Premiere conducted by Sebastian Lang-Lessing and produced by Winfried Bauernfeind; 7pm; Mar 11, 14, 16

■ LONDON

CONCERTS

Barbican Tel: (0171) 638 8891
● Opera Gala Night: operatic highlights from the London Symphony Orchestra conducted by Paul Wynne Griffiths. Soloists include soprano Josephine Barstow and tenor Arthur Davies; 8pm; Mar 11

Festival Hall Tel: (0171) 928 8800
● Philharmonia Orchestra: with pianist Murray Perahia. Wolfgang Sawallisch conducts Strauss and Schumann; 7.30pm; Mar 11, 14

GALLERIES

Serpentine Tel: (0171) 402 0343
● Man Ray: exhibition of works by the celebrated artist; to Mar 12

OPERA/BALLET

English National Opera Tel: (0171) 632 8300
● Don Giovanni: a new production of Mozart's opera. In house debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 15
● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Mar 11, 14
● The Cunning Little Vixen: by Leoš Janáček. Original director, David Pountney; 7.30pm; Mar 10, 13, 16

Royal Opera House Tel: (0171) 340 4000
● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 11 (7pm), 15
● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell; 7.30pm; Mar 10, 14

THEATRE

Apollo Shaftesbury Tel: (0171) 494 5070
● In Praise of Love: by Terence Rattigan. Directed by Richard Olivier, this comedy is based on the relationship between Rex Harrison and his wife. With Peter Bowles and Lisa Harrow; 8pm; (Not Sun)

Old Vic Tel: (0171) 928 7616
● Conversations with My Father: by Herb Gardener and directed by Alan Ayckbourn. Stars Judd Hirsch who won a Tony award for his role; 7.45pm; (Not Sun)

■ LOS ANGELES

CONCERTS

Dorothy Chandler Pavilion
● Fleisher Plays Ravel: with pianist Leon Fleisher and mezzo-soprano Carmella Jones. Lawrence Foster conducts Steiger, Falla and Ravel's "Piano Concerto in D"; 8pm; Mar 10 (1.30pm), 11, 12 (2.30pm)

■ NEW YORK

CONCERTS

Avery Fisher Tel: (212) 875 5030
● American Symphony Orchestra: with pianist Robert Taub and soloists Christine Goerke and Marietta Simpson. Leon Botstein conducts Mendelssohn and Syzmanowski; 7.30pm; Mar 10
● New York Philharmonic: Valery Gergiev conducts Liadov, Berlioz and Tchaikovsky; 8pm; Mar 11, 14
● New York Philharmonic: with soprano Gillian Webster. Sir Colin Davis conducts Mozart and Mahler; 8pm; Mar 16
● The London Philharmonic: Frank Welser Möst conducts Shostakovich and Strauss; 3pm; Mar 12
● The London Philharmonic: plays Mozart, Bartók and Tchaikovsky; 8pm; Mar 13

Carnegie Hall Tel: (212) 247 7800
● Yuri Bashmet: debut at this venue for the violinist recently named "Instrumentalist of the Year" at the 1994 International Classical Music Awards. He is joined by pianist Mikhail Muntian to play Marais and Shostakovich; 8pm; Mar 14

GALLERIES

Whitney Museum
● Franz Kline: Black and White 1950-61: major Abstract Expressionist works from the last decade of the artist's life; to Mar 12

OPERA/BALLET

Metropolitan Tel: (212) 362 6000
● Der Rosenkavalier: by Strauss. Produced by Nathaniel Merrill, conducted by James Levine; 7.30pm; Mar 10
● Idomeneo: by Mozart. Produced by Jean Pierre Ponnelle, conducted by James Levine; 8pm; Mar 15
● La Bohème: by Puccini. Produced by Franco Zeffirelli, conduted by John Fiore; 8pm; Mar 11, 14
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8pm; Mar 13
● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco.; 8pm; Mar 11 (1.30pm), 16

THEATRE

Variety Arts Tel: (212) 239 6200
● Death Defying Acts: three one act plays by Woody Allen, David Mamet and Elaine May. Directed by Michael Blakemore and with Linda Lavin, Debra Monk and Paul Guilfoyle; 8pm; (Not Mon)

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 49 52 50 50
● Barbara Hendricks: soprano is joined by pianist Michael Tilson-Thomas to play Mahler, Wolf and Copland; 3pm; Mar 12
● London Symphony Orchestra: with violinist Anne-Sophie Mutter and soprano Laura Aikin. Pierre Boulez conducts Berg and Stravinsky; 8.30pm; Mar 11
● London Symphony Orchestra: Pierre Boulez conducts Ravel, Messaien, Stravinsky and his own 'Messagesquisse'; 8.30pm; Mar 12
● London Symphony Orchestra: with violinist Kyung-Wha Chung and under the direction of Pierre Boulez plays Ravel and Bartók; 8.30pm; Mar 13

OPERA/BALLET

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Magnificat: music by Bach, choreography by John Neumeier. Gunther/Rainer Muhlbach directs this production presented by the Ballet of the National Opera of Paris; 7.30pm; Mar 10, 11
● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël. Soloists include Gegam Grigorian and Gaetan Laperriere; 7.30pm; Mar 16

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600
● Ballet National de Marseille: choreographer Roland Petit presents his 1991 ballet based on the style of several Charlie Chaplin films; 7.30pm; to Mar 12
● National Symphony Orchestra: with soprano Jayne West, tenor Joseph Harris and baritone Kevin McMillan. James Paul conducts Hugo Alfven, Delius and Orff; 8.30pm; Mar 10 (1.30pm), 11

GALLERIES

Corcoran Tel: (202) 638 3211
● Pedro Meyer: Truths and Fictions, A Journey from Documentry to Digital Photography. A combination of traditional street photography and photojournalism with digital imaging techniques; from Mar 11 to May 15

National Gallery Tel: (202) 737 4215
● The Glory of Venice: exhibition presented by the National Gallery of Art and the Royal Academy of Arts, London containing works by 18th century Venetian artists. Included are paintings, drawings, pastels, prints, illustrated books and sculptures by artists such as Canaletto, Piranesi, Piazzetta and Guardi; to Apr 23

THEATRE

Studio Theater Tel: (202) 332 3300
● Rhinoceros: by Ionesco. Joy Zinoman directs the Absurdist's comedy warning of the dangers of conformity; 8pm; to Apr 9 (Not Mon)

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Financial Times Business Tonight

Going Dutch on finance

Ronald van de Krol explains what drove two banks from the Netherlands to bid for Barings

The struggle to find a new owner for Barings, the collapsed UK investment bank, has given a whole new meaning to the term "Dutch auction". In the week-long search for a buyer, two Dutch banks, ING and ABN Amro, stood out from the international competition as the most serious candidates, with ING finally acquiring what had been one of the most illustrious names in British banking.

Long-standing rivals in their small home market, ING and ABN Amro were both keen to acquire Barings. Their wooing of Barings' administrators in London was watched with relish across the North Sea in the Netherlands, where ING, seen as a brash newcomer, was pitted against the 171-year-old tradition of ABN Amro, the epitome of the Dutch establishment. ING's victory late on Sunday was heralded in several Dutch daily newspapers with splash headlines such as "ING trumps ABN Amro".

Mr Jan Kalff, ABN Amro's chairman, was at pains yesterday to emphasise his bank had never been in a direct race with ING for Barings. Speaking at the bank's press conference on its 1994 results, he said that, unlike ING, ABN Amro had only ever been interested in Barings' corporate finance and asset management arms.

"We never considered making a bid for the whole of Barings," Mr Kalff said. He added that he sent Mr Aad Jacobs, chairman of ING, a fax on Monday morning congratulating him on the takeover.

Though attention has focused mainly on the differences between the two rivals – with ING known for its innovative emphasis on both banking and insurance, and ABN Amro winning praise for its solid, conservative style of banking – the differences between them are more apparent than real.

In terms of financial clout, they are a fairly even match, each with shareholders' equity of more than Fl 19bn ($12.3bn).

ING has promoted itself as an emerging markets bank, with 77 offices in exotic banking markets such as Hanoi and Havana. But ABN Amro's 601 foreign branches are more far-flung, making it a global bank with a long reach into 64 countries in Asia, Europe, North America and Africa. On Wednesday it became the first Dutch bank to be licensed to open a representative office in Rangoon, Burma.

Their highly international character is typical of Dutch business generally. With little room for growth at home, larger companies have had to expand beyond the country's borders. The same is true for ABN Amro, ING and, to a lesser extent, Rabobank, the big co-operative bank with a lucrative international niche in agri-business lending. At home, these three account for 80 to 90 per cent of most types of banking businesses, with Rabobank strong in mortgage lending for homes and farmland, ING in money transfers and ABN Amro in corporate credits and securities trading.

Although ABN Amro in particular can trace its history back for generations, both ING and ABN Amro, in their present form, are the products of domestic mergers in the early 1990s. The mergers were seen as defensive but were also designed to enable further international growth.

The fact that two of the Netherlands' leading banks – rather than French, German or US banks – emerged as the main contenders for Barings has as much to do with geography and banking culture as with the immediate financial logic of the deal.

Although the Dutch capital, Amsterdam, has sought in the 1990s to bolster its position in the second tier of European financial centres, the City of London exerts an irresistible pull on banks in the Netherlands. London is regarded as Europe's leading financial centre, the place where business is done for the continent and beyond. Amsterdam may be just a 50-minute air journey away, but the distance is too great for Dutch banks seeking to find and influence corporate clients and money managers.

The attraction is also partly Anglo-Saxon banking culture. Although the Dutch are renowned as cautious lenders, the financial culture of Amsterdam does not produce the skills in market-making, or even in research and analysis, that are deemed necessary to compete with British merchant banks or competitors in the US, such as Goldman Sachs and Morgan Stanley.

In 1992, ABN Amro firmly established itself in the UK by taking over Hoare Govett, the British brokerage house, and ING's acquisition of Barings is seen as a response to that. Since taking over Hoare Govett, ABN Amro has moved its international equities operations to London and affixed the ABN Amro Hoare Govett "brand name" to a number of products and subsidiaries.

Similarly, Barings' teams of analysts were of prime interest to ING, which has not managed to generate the quality of equities research and analysis to match its rapid strides forward in emerging markets banking in recent years.

These imperatives also hold true for German banks and, indeed, Deutsche Bank's acquisition of Morgan Grenfell, the UK investment bank, underlines the wider interest in London's banks.

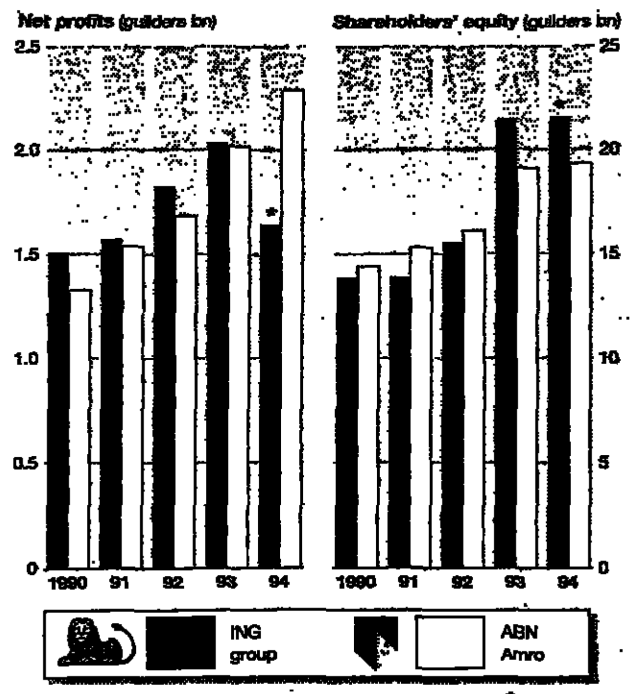
But the Dutch banks, with little lending in the volatile property sector and no direct ownership of great swathes of Dutch industry, had sufficient financial strength to pay the £660m which ING agreed to pump into Barings immediately on completion of the deal on Sunday night.

And, more so than banks in bigger countries, ABN Amro and ING are also anxious to build up what they call a second "home" market in Europe. A string of acquisitions in and around Chicago since the 1970s has made ABN Amro a leading foreign bank in the US, and it is eyeing similar investments in countries such as France and Germany. So far, it has been put off by prices commanded on the Continent.

ING, too, wants a second European home market. It came close to bidding for Banque Bruxelles Lambert, one of Belgium's big three banks, in November 1992 but it backed away after a disagreement over the price.

These two Dutch banks, fortified by their countrymen's reputation for loving a bargain, are clearly not going to go on a acquisitions spending spree at any price. But it is probable that people in countries other than Britain will also eventually be asking themselves "ING Who?" or "ABN Amro Who?" when the ownership of their bank suddenly changes hands.

Dutch banks: on a shopping spree



Source: Company accounts * 6 month figures

Philip Stephens

Death of a lost clause

Tony Blair will succeed in rewriting Clause 4 of the Labour party constitution. If he does not, I will put money on Paddy Ashdown as the next occupant of 10 Downing Street.

For now, though, we should assume that Labour wants to keep its leader and to preserve the expectation that it will win the election. Whatever the intervening squalls, Mr Blair should secure a comfortable majority at next month's special conference for his own statement of aims and values.

The debate has been an instructive exercise. The past few months have given us a sight of the prime minister that Mr Blair would like to become. They have illuminated also the obsession with class politics which still permeates much of his party. The scrapping of Clause 4 will not be enough. If Mr Blair is to honour his claim to lead New Labour, it must mark a point of departure not a destination.

Consider the position taken this week by the TGWU. This once mighty trade union said it had thought hard about the issue. It had consulted its members. After counting hands in what I can only suppose were packed meetings of the union's local branches, the TGWU executive decided solemnly that nothing – that's right, nothing – could better articulate the ambitions of a modern left-of-centre party than a statement drafted more than three-quarters of a century ago.

No matter that the Labour party has been out of office for 16 years. No matter that the TGWU's own membership has collapsed during that period. Bill Morris, the general secretary, was adamant. There was no need to wait a few days until next Monday when Mr Blair will produce his alternative prospectus. Brimming with the wisdom that comes with the loss of more than a million members, the TGWU knew that the words penned by Sidney and Beatrice Webb in 1918 could never be improved upon.

Let's remind ourselves of the sacred text, contained, strictly speaking, in part iv of Clause 4. Labour exists: "To secure for the producers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of the common ownership of the means of production, distribution and exchange."

No Labour leader has ever fought an election on such a platform. Even the 1983 manifesto, aptly described as the longest political suicide note in history, did not presume to abolish private ownership. Nor has the famous sub-clause always been so dear to the hearts of the activists. It was printed on the back of the party's membership cards only after Hugh Gaitskell's unsuccessful attempt to amend it in 1959.

Its supporters are impatient of such detail. Clause 4 has become an icon, a testament to Labour's working-class roots. Oblivious to the inherited wealth that allowed the Webbs to indulge their social research, these latterday tribunes of the people speak in the language of bygone Marxist dreams.

The debate has crystallised the reality that lost Labour four elections: the only future for a class party is permanent opposition

For Diane Abbott, a standard-bearer of the left on the National Executive Committee, Clause 4 must survive because it "puts forward a class-based analysis of society". Ms Abbott and Mr Morris, clearly, share the bleak fears of a local party member encountered by Mr Blair during his national roadshow. If the party was not careful, this critic warned, it would find that Tories had started voting for it. Perish the thought.

As it happens, the TGWU is likely to be as irrelevant to the outcome of the Clause 4 debate as it seems indifferent to the interests of its remaining 900,000 members. It will wield nearly 15 per cent of the vote at the April 29 conference. But Mr Blair is confident he will win without them. The best guess of close allies is that the rewritten clause will secure a comfortable majority – perhaps 60:40 – in both the union and in the constituency sections of the conference.

Before then we will hear lots more about the betrayal of Labour's past. Later today, Mr Blair will appeal for support at the party's Scottish conference in Inverness. The vote there will not affect the final outcome. But defeat would be a nasty blow. It might happen. Scotland has produced most of the sharpest minds in the shadow cabinet. But the nationalists, not the Conservatives, are the enemy north of the border. Labour's Scottish activists do not have much time for an approach tailored to win votes in the English home counties.

The publication of Mr Blair's alternative statement will be another occasion for convulsion among the self-appointed guardians of the socialist flame. For those to whom rhetorical purity is more important than power, the expected absence from the new text of the two words "full employment" will be seen as further act of treachery. Public ownership will get a mention – but as a means to an end rather than an end in itself.

It is the internal opposition that has proved the worth of Mr Blair's enterprise. The debate has crystallised the reality that lost Labour four elections: the only future for a class-based party is in permanent opposition.

Mr Blair has prospered personally from the experience. The Bambi tag attached by his opponents always misread him. But Clause 4 has demonstrated publicly the toughness that made him his party's youngest leader. He has strengthened his grip on the shadow cabinet. His relationship with John Prescott, his traditionalist deputy, is not without occasional, explosive, incident. But Mr Prescott is loyal. Like Mr Blair, he wants to win.

So too does Robin Cook. The shadow foreign secretary is one of the brightest figures at Westminster. He has an intellectual grasp of politics sadly lacking among too many colleagues. Mr Cook is to the left of Mr Blair. Initially, he considered the rewriting of Clause 4 a needless distraction. But he realised that, once started, the project could not be aborted. His public support has been crucial in winning over the worried left. His alternative draft was among the best submitted by members of the shadow cabinet.

The version that Mr Blair has crafted, by all accounts, is an uncontroversial document. It is longer than the original, covering instead a sheet of A4 paper. It starts with a short statement of fundamental values – a commitment to a united and prosperous society, to fair distribution of power, wealth and opportunity. Then, in four short sub-sections, it sets out the guiding principles for Labour's approach to the economy, society, democracy and the environment. Alongside the affirmation of selective public ownership is Mr Blair's promise to the nation's aspirant classes: Labour intends to nurture rather than suffocate the market economy.

It is hard to imagine how anyone in the party could object to such motherhood and apple pie. Many will. To counter the self-destructive posturing of the TGWU and its like, Mr Blair will be obliged next month to rely on the votes of more friendly unions. Therein lies his dilemma: the very act of disposing of one relic of a class-based past exposes the remaining anachronisms. The present distribution of power within the party, leaving 70 per cent of the votes with the unions and only 30 per cent for individual members, is as appropriate to the 1990s as common ownership of the means of production, distribution and exchange.

Rewriting Clause 4 will underline the strength of Mr Blair's leadership. He commands his party. For that reason alone it will make an important contribution to Labour's already strong election prospects. But extracting grudging assent is not quite the same as changing Labour's soul. The policies, of which so far we have heard nothing, will have to match the principles.

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

De La Rue's only motive was to inform market

From Mr J.J.S. Marshall.

Sir, While it is the Lex column's privilege to express opinions about how we formulated our trading statement on March 7, we feel we must express a concern about the implications which were reflected in the piece following publication of our statement (Lex: "De La Rue", March 8).

Much debate has taken place about how companies should communicate with the market, particularly in view of the influence which the analyst community and the press can have on institutional opinion. The Stock Exchange guidelines on this topic seek to give guidance on how quoted companies should deal with this sensitive issue, and the recently published Myners committee report has added its own weight to this subject.

The tone of current opinion and the legal implications enshrined in insider dealing legislation mean the onus is on companies to make the market immediately aware of changes in circumstances which have a bearing on either investor sentiment or analysts' earnings forecasts. The days of keeping the market in tune with internal forecasts through informal means are over. Transparency of information is called for and should be provided.

One can never predict accurately how markets will react to information and, in these nervous days, overreaction is always possible. However, the need to keep the market informed, and sometimes to remind investors, analysts and the media of what has been said previously, can lead to misinterpretation and a level of cynicism which belie the facts. The dangers of overreaction should not obscure the responsibility that directors of public companies have to ensure all market participants receive information equally.

How the market might respond is unquantifiable, but companies acting in a responsible manner should not, in our view, be treated cynically as Lex implies in at least part of its March 8 column, nor be accused by the uninformed of withholding material information during a sensitive period.

The decision to inform the market accurately of our position followed information given out by De La Rue at the interim results last November and subsequently on the announcement of the recommended offer for Portals in December. Having concluded the Portals transaction in February, having taken the decision to dispose of a substantial part of that group, and with new information emerging from our German subsidiary, Garny, the board felt that we should make an announcement immediately. Under the circumstances we felt that we were acting both in the spirit and to the letter of the guidelines on best practice in investor communications. It is a pity that some felt it necessary to cast doubt on our actions.

Our only motive was to ensure that the market had information on which to judge De La Rue's prospects for the future as soon as practicable once it became available to us.

Jeremy Marshall,
chief executive,
De La Rue,
6 Agar Street,
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Curious definition of incentive

From Mr Stephen Kinsella.

Sir, BBC Radio 4 reception is a little unreliable in Brussels. However, I am almost certain that I heard Mr Cedric Brown, chief executive of British Gas, excusing earlier failure to mention his options package, asserting that it was impossible to give an estimate of its value. I find that curious, but does it not undermine the claim that it forms part of an incentive package or am I, like the Commons committee, missing something?

Stephen Kinsella,
Rue Souveraine, 24,
1050 Brussels,
Belgium

World Bank needs new debt programme charter

From Mr Karl A Ziegler.

Sir, Regarding your leader "A president for the World Bank" (March 1), given the bank's charter, its historical resistance to change and its as yet unfulfilled potential, a new set of criteria is needed to select leadership which could focus it towards a more constructive future.

One of the basic rules of sound banking is you do not lend new money in order to pay off debt on failed projects. In the absence of new income sources, the result is merely to compound problems and plunge the borrower into a cycle of ever larger – and unpayable – debt. This is particularly marked among governmental borrowers who have shown a consistent pattern of corruption and irresponsible financial stewardship.

Sadly, the World Bank feels obliged to lend more where other creditors and private investors fear to tread, probably to avoid the embarrassment of multiple client defaults. By the bank's charter it must demand full repayment even on failed project indebtedness, thereby pushing some of its poorest and worst administered debtor nations downwards into the pit of economic perdition. Ultimately, the World Bank may be supervising not reconstruction and development, but national collapse and bankruptcy.

An argument can be made today for the bank to vote the necessary changes to its charter and to initiate a thoroughly revolutionary new debt reduction programme for some of its most troubled client states.

The key element would be accountability. Over a prolonged period, perhaps 20 years, national governments, which would be prepared to have their financial affairs audited by outside creditor-appointed professionals in every state-run ministry and entity, would be eligible for staggered or amortised debt forgiveness, particularly on failed project debt.

At any point, should a government choose to close its books to inspection, the then still outstanding, unamortised portion of debt could be reimposed.

Karl Ziegler,
director,
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Poland needs less stick, more carrot from IMF

From Mr John Collins.

Sir, In highlighting the Polish experience of International Monetary Fund inspired reforms ("The long day's journey to market", March 7) some balance is required. It is by no means certain that the IMF-inspired reforms in their present form will prove economically successful or socially acceptable. Clearly, communist economic management failed and it has indeed left a dismal legacy.

Equally dismal is the legacy of IMF loans to communist governments in Poland in the 1970s which has left a very real burden of unpaid debt which continues to hamper the Polish economy. It is as much the legacy of these loans as that of communism which necessitates the shock therapy which has proved so electorally unpopular and politically destabilising.

It is said that half the Polish economy is now in private hands, which is remarkable as it cannot afford access to bank finance at 31 per cent rates of interest. As Polish entrepreneurs say, this is "kapitalizm bez kapitalu" – capitalism without capital.

The IMF-inspired crawling peg devaluation of the zloty is massively inflationary, nearly 100 per cent in the last three years. The story of the Polish economy is one of growth despite adversity. The IMF could try a little less stick and a lot more carrot.

John Collins,
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Warsaw, Poland

FINANCIAL TIMES

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Friday March 10 1995

The dollar, the yen and Japan

The only mistake as bad as not to learn from history is to apply the lesson at the wrong time. Scarred by their experience of the bubble economy of the late 1980s, the Japanese monetary authorities are imposing an unnecessarily deflationary monetary policy. They are doing so because they fear ill-considered foreign-exchange intervention, on which they are right, and ill-timed monetary expansion, on which they are also right. Unfortunately, now is not the time to apply these lessons.

True, the damage that will be done by the strong yen can be exaggerated. This is not only because of the impressive ability of Japanese companies to cut costs, sustain exports and, in the last resort, shift production abroad, while sustaining jobs at home. It is also because exports account for only some 10 per cent of Japanese GDP, while competition from imports remains strikingly slow to develop in response to yen appreciation – this being, indeed, the persistent complaint of Japan's trading partners.

Japan's export diversification is another reason why dollar weakness does not matter as much as it used to do. By 1993, only 29 per cent of Japanese merchandise exports went to the US, down from 38 per cent in 1985. Over the same period, the share of Asian markets rose from 23 to 40 per cent. Moreover, the loss of Japan's competitiveness vis a vis its Asian partners is exaggerated by the nominal appreciation, since Japan has experienced virtually no inflation, while most of its Asian trading partners have suffered substantial price increases.

Powerful lever

Finally, the high yen is arguably the most powerful lever for industrial restructuring and domestic deregulation. For all these reasons, the harmful effects of yen appreciation may not be that great. Nevertheless, there can be too much of this particular thing. The Japanese recovery is already feeble. It is quite possible that the 11 per cent appreciation of the yen against the dollar this year, added to the effects of the Kobe earthquake, will knock an already anaemic recovery on the head.

The point may be put another way round. The Japanese economy shows no consumer price inflation; falling wholesale prices; nine months of declining bank lending; growth of broad money (M2, plus certificates of deposit) at only 3.1 per cent in the year to January; industrial output in January 10 per cent below its peak in 1991; and GDP in the third quarter of 1994 a mere 1.8 per cent above its level three years before. This is – to put the point mildly – not an economy in any danger from the inflationary tiger. Nor is there a hint of the bugbear of asset price inflation: the property market is moribund; and the Nikkei stock-market index is not only 57 per cent below its all-time high, but has declined 15 per cent since the beginning of the year.

Strongly positive

Japanese monetary policy is, in short, somewhat difficult to defend. True, the 1.75 per cent discount rate is an all-time low. But it is also strongly positive in real terms. Furthermore, since this rate was introduced, back in September 1993, one measure of the trade-weighted effective exchange rate has risen 12 per cent, while the rate against the dollar has appreciated around 16 per cent. This amounts to an utterly inappropriate tightening of monetary conditions. Despite their recent declines, even bond yields are slightly higher than they were in September 1993.

Japan needs a looser monetary policy, in its own domestic interests. It also could do with a weaker yen. The solution is aggressive intervention that is allowed to expand the money supply. There is, in principle, no reason why the Bank of Japan should not intervene almost without limit. If the yen is seriously overvalued, as many argue, intervention should prove a profitable speculation against the market.

It is easy to understand why the experience of the late 1980s should have scarred senior Japanese officials for life. Then they were indeed encouraged to pour fuel on the monetary blaze. But there is hardly as much as a spark today. The domestic case for monetary easing, partly via foreign-exchange intervention, is overwhelming. The Japanese authorities should not let their determination to avoid repeating a mistake lead them to persist in committing the opposite one.

Reforming the regulators

Where should the UK go now in regulating its privatised utilities? That debate, simmering throughout the past decade of regulatory experience, has come to a head this week with the decision of Prof Stephen Littlechild, the electricity regulator, to reopen last summer's review of prices.

The regulation of telecommunications, gas, water and electricity can be credited with some success in holding down the prices charged by utilities to customers. But Prof Littlechild's action has drawn attention to some of the weaknesses of the model.

First, it exposes the regulator – a single individual – to intense political pressure. Prof Littlechild said that public concern was one factor prompting him to reopen a settlement which the industry regarded as fixed for five years. However, the creation of independent regulators at the time of privatisation was intended to depoliticise the regulation of utilities.

Second, Prof Littlechild's move has also shown the formidable barriers which regulators face in getting adequate information on the cost structures of the utilities in order to set the pricing formulae. A further reason for his action was the revelation by Northern Electric, one of the regional electricity companies, that it could afford to offer shareholders an extra £5 per share if they turned down a hostile takeover bid. Companies, which are the regulator's main source of information on the industry's potential profitability, clearly have an incentive to overstate costs and understate demand as the pricing review draws near.

Framework weakened

Although Prof Littlechild's action has weakened the regulatory framework, there is no need to abandon it entirely. It would be undesirable for regulatory principles to evolve largely through prolonged legal challenges to the regulators' judgments. Several steps now need to be taken to improve the framework's credibility and effectiveness.

First, the UK should consider adopting a small panel of regulators for each industry. This would reduce the isolation regulators now suffer, and would make decisions appear less dependent on the whims of any one individual. In doing so, the UK would take a desirable step towards the US model of regulatory commissions, robustly and visibly independent of government.

Second, the occasions when a regulator may change price formulae between reviews needs clarification. The most obvious such occasion would be when companies have misled the regulators. When a prima facie case can be made, regulators could be allowed to appeal to another body – probably the Monopolies and Mergers Commission – for the right to change their determination, which would also give utilities a greater incentive to be honest.

Inconsistent methods

Third, regulators should agree to work from a common set of rules, where appropriate. The credibility of the regulatory system gains nothing from the inconsistent methods used to reach pricing decisions. In particular, regulators have used different methods to calculate the cost of capital and to define the capital on which returns are calculated. Definitions of depreciation might also benefit from an agreed approach.

Fourth, regulators should publish more fully the reasons for their decisions, in a form which exposes them to challenge. They should not be squeamish, on grounds of commercial confidentiality, from publishing more financial details of the utilities than appear in annual reports. Another way to increase the transparency of regulators' actions would be to scrutinise them through a parliamentary select committee on the utilities, although the value of forcing regulators to justify their decisions before the people's elected representatives should not be allowed to reintroduce arbitrary political interference.

The case for some such changes is now very strong. This is not because either privatisation or the UK's basic regulatory model has failed. On the contrary, change is needed to strengthen the legitimacy of the model and remedy its more obvious weaknesses. If the electricity imbroglio leads to sensible reforms of this kind, it will not prove quite as damaging as it looks at the moment.

From guns to soup kitchens

David Gardner looks at different shades of Islamic fundamentalism and how leaders of Arab countries are responding

Associated Press

Faces of fundamentalism: a Hamas fighter in Gaza (left) and a Cairo demonstrator typify the support for militancy

Mr Willy Claes, the beleaguered secretary-general of Nato, remarked last month that radical Islam posed "at least as dangerous" a threat to the Western alliance as communism had until the end of the cold war. He was speaking almost exactly 900 years after Pope Urban II launched the First Crusade, and opened the way to centuries of conflict between Christian and Moslem.

Growing volumes of Western commentary on "Islamic fundamentalism", often redolent of the cold war and the Crusades, conjure up the spectre of an Islamic green stain starting from Iran, and spreading up to Central Asia, down through the Middle East and across North Africa.

The image is compelling on a TV screen or newspaper graphic, a visual gift to domino theorists. It is also useful for Arab and North African regimes threatened by revolt, and on the look-out for financial and military aid from a frightened West to tighten their grip on power. But it blurs the political shades within the Islamic revival.

Iran, because of its attempts to export its 1979 Islamic revolution, provided the original fundamentalist bogey. More recently, the 1989 military coup in Sudan brought a government ideologically nurtured by Mr Hassan al-Turabi's Islamic National Front. And in 1992, Algeria collapsed into a savage civil war, with the military-backed government barely able to hold out against Islamic militants.

Ostensibly Islam-inspired militancy provides daily, often chilling, incident: the sudden emergence in Afghanistan of the Taliban, a movement of fundamentalist theology students, sweeping irresistibly to the gates of Kabul; or the suicide bombers launched against Israel by Hamas and Islamic Jihad, groups in the occupied territories that are copying the tactics of the Iran-inspired Hizbollah in Lebanon.

"Yes, we are using the methods that forced the Israelis to leave Lebanon," acknowledges Dr Mahmoud Zahhar, a Hamas leader in Gaza, the strip of land upon which Mr Yassir Arafat's secular Palestine Liberation Organisation (PLO) is struggling to found an embryonic Palestinian state. Dr Zahhar, professor of medicine at Gaza's Islamic University, the finishing-school for scores of Hamas cadres, says: "Our strategy is to establish a pan-Islamic state – everywhere, not just in Palestine."

The charter setting up Hamas in 1988, in common with many fundamentalist texts, flatly rejects "the Communist east and the Crusader west". If forced to choose between dictatorship and democracy, "of course, we prefer democracy", says Dr Zahhar. But "your society is flooded with injustice and corruption; you cannot be our model".

There is, undeniably, a threat from politically able and ruthless theocratic groups intent on power. But there is, so far, no agreed strategy for dealing with the far wider phenomenon of political Islam as a channel for popular grievance at the failures of Middle Eastern development, and the lack of legitimacy of most of the regimes presiding over these failures.

The core of the Islamist argument is that existing institutions, imposed by colonial powers, are now administered by corrupt and brutal elites in their own interest, while the mass of people go hungry and are engulfed by alien values. State socialism has failed in countries such as Syria, Egypt under Nasser, and Algeria. Attempts to catch up by capitalist development have created dislocation and inequity, leaving an ideological vacuum in which radical Islam flourishes.

Algeria illustrates the thesis well. The now displaced National Liberation Front government, which derived its legitimacy from success in the war of independence against France, frittered away oil and gas wealth and sank into corruption and autocracy. When it called elections in December 1991, the Islamic Salvation Front (FIS) looked poised for victory, leading to the cancellation of the second round in January 1992 – the trigger for war.

The governments of Egypt, Jordan and Syria also discredited the cause of secular, pan-Arab nationalism by their defeat and heavy loss of territory in the Six Day war against Israel in 1967. That disaster enabled the Islamists gradually to appropriate the banners of nationalism, and paint their increasingly power-oriented ideology as a liberation theology.

All three countries have seen surges of support for the Moslem Brotherhood, or Ikhwan al-Muslimin, the original "fundamentalist" group founded in Egypt in 1928, of which Hamas is a Palestinian offshoot. But they have dealt with this recharged fundamentalism in very different ways.

Western commentary, often redolent of the cold war and the Crusades, conjures up the spectre of an Islamic green stain

In Syria, the Baathist regime militarily crushed a Brotherhood insurrection in 1982, with the loss of possibly 20,000 lives. Seven years later, King Hussein of Jordan took the gamble of letting the Brotherhood stand for election, in which they confounded all predictions by winning more than a quarter of the seats.

In Egypt, the Brotherhood, formally banned since 1954, has survived repression alternating with periods of government toleration. But now the Ikhwan has been reorganising to fight general elections due in November, leading president Hosni Mubarak's government to jail 28 of the Brotherhood's leadership. Simultaneously, Mr Mubarak faces a low-level but persistent insurgency from the more radical Gama'a al-Islamiya. He is meeting the challenge with what he calls "an iron fist", filling Egypt's jails with Gama'a sympathisers from the Upper Nile valley and Cairo's teeming slums.

The government accuses the Egyptian Brotherhood of being, in effect, the civilian wing of the militarist Gama'a. Mr Mohamed el-Maamoun al-Hodeiby, the Brotherhood's spokesman, scornfully points out: "We've been around for 67 years," while the radicals "appeared when most of us were in jail", echoing the widely-held belief that repression of the mainstream is the cause of the violent tributaries.

Egypt is in many respects a test case of how to contain the Islamic revival, and would be the greatest prize for the fundamentalists. Although there is no immediate threat to the regime from the fragmented Gama'a, Mr Mubarak looks defensive against the Brotherhood.

More than a state within the state, the Ikhwan is a society within society, providing services ranging from sewers to supermarkets and soup kitchens, financed in the past by Saudi money but now mostly through collection of the zakat or Islamic alms. After Cairo's earthquake two years ago, it was the Brothers who provided the quickest and most effective relief.

As well as welfare, they control patronage, through Islamic publishing houses and banks, and valuable endorsements for hundreds of thousands of Egyptians seeking work in the religiously conservative Gulf. They also lead influential professional unions of lawyers, doctors and engineers.

Close observers of Egypt depict, by contrast, a tired regime of old faces and few new ideas, lukewarm about structural economic reform through fear of upheaval and lost patronage. The leading Arab journalist and former Nasser intimate Mr Mohamed Heikal recently said that Egypt had come to a crossroads, and needed a new social pact, including free and open elections.

Mr Said Ashmawi, a writer on Islam and until 18 months ago Egypt's chief justice, says: "The government is very weak and corrupt, and incapable of leading the country. The government is dealing with this as though it were a criminal phenomenon. It's not. It's an ideology, and we have to respond to it by looking for social justice." Heavily guarded after death threats from Islamic militants, Mr Ashmawi claims that "the Algerian scenario could be copied in Egypt within five to 10 years".

'Egypt, of course, is the heart of the matter: if it falls to the Islamists, it will have a domino effect'

Mr Mohamed Sid Ahmed, a distinguished Egyptian commentator, says: "The regime fears that the FIS will take over [in Algeria], and that with Turabi in Sudan, and Hamas entrenched in Gaza, it will be cornered." Mr Ziad Abu Amr, a Palestinian authority on fundamentalism at Bir Zeit university, on the West Bank, says: "Egypt, of course, is the heart of the matter: if it falls to the Islamists, it will have a domino effect." Nevertheless, he argues that "Egypt can't do it the Syrian way."

The US and its western allies would appear to differ. They have backed Algiers' and Cairo's implacable response to resurgent Islam, and the suppression of the moderate Islamist strain in Tunisia too. Last week, the International Monetary Fund signed a letter of intent for a three-year, $1.5bn extended fund facility with Algiers after only 10 days of negotiations. This appears to put paid to suggestions that further western financing should be conditional on the government negotiating a transition to democracy, on the basis of the platform recently agreed by the secular and Islamic Algerian opposition.

But there is also the Jordanian way and, so far, it works. King Hussein brought the Brotherhood into parliament, giving it enough responsibility to show if there is substance to its mantra that "Islam is the solution". Voters thought not and threw many of them out at the next election in 1993. Mr Abu Amr, no fan of King Hussein's, says "he handled this well, engaging these people and holding them accountable, and getting them used to pluralistic politics".

The Egyptian government fears opening to the mainstream Brotherhood could lead to an Algerian-scale conflict. "What's happening in Algeria is awesome," says Mr Osama el-Baz, Mr Mubarak's political adviser. Co-option "will only work if you fill the political vacuum and the Islamist problem is not bigger than you think it is," says another senior government official. "If you still have the vacuum, then they will fill it for you," he warns, adding that "the test for Jordan will be when the king leaves the stage".

Yet the Brotherhood is signalling that it wants to enter democratic politics. It has recently accepted the principle of a written constitution for Egypt, protecting all citizens irrespective of belief, and announced its desire to take part in this year's elections.

And fundamentalist Islam, in spite of its rigid veneer, has from early Moslem times proved strikingly flexible in its ability to ally with those who have more temporal aims, in part because Islam does not separate church and state. The new fundamentalists "are dynamic and flexible," says Mr Abu Amr. "Nothing is foreclosed as long as intermediate objectives are consistent with long-term goals. We are not talking about dogma with most of these groups." Hamas, for instance, appears to be aiming at some form of power-sharing agreement in junior partnership with the PLO, even as it steps up its attacks on the continuing Israeli occupation.

Whether to attempt accommodation with such people depends on fine calculations, such as how permanent a phenomenon fundamentalism is and whether it is internationally co-ordinated. Arguing for accommodation, Mr Abu Amr states that "this is not a transient phenomenon. It has become institutionalised in Arab societies. It's here to stay." Mr el-Baz argues that "this is not an ordinary situation; it is extraordinary. But it is transient." Yet even he says "it will last a decade or two".

The Brotherhood is the nearest to an "international" the Islamic movement has. But beyond pan-Islamic conventions, – held recently in London, Rome and Stockholm – there is little evidence of strategic co-ordination. "We don't have such a thing as pan-Islamic fundamentalism," says Mr Yehoyada Haim, head of the Israeli foreign ministry research department. "It's local. The danger is Iran's wish to be godfather of it all."

But ultimately, the calculation depends on the political self-confidence of Arab rulers, seemingly in short supply. In the critical case of Egypt, however, the government has at its disposal a vigorous civil society and institutions. Instead of mobilising these in a democratic context, Mr Mubarak is relying more on supports such as the 1,000-year old, government-financed el-Azhar Islamic university, which, as one diplomat puts it, "puts an even more conservative spin on the Koran than the fundamentalists".

Such a strategy, of trying to outflank the Islamists by pandering to the popular sentiment they are aiming at, looks more likely to advance a creeping theocracy.

OBSERVER

Security in numbers

■ For now, Nato's 16 member states are sticking solidly by Willy Claes. The secretary-general maintains that he bears no responsibility in the increasingly ugly affair of alleged kickbacks to the Belgian Socialist party from Italian and possibly French arms manufacturers. He is believed – even more so since his recent Washington trip, where he met, and was endorsed by, everybody who mattered.

But just supposing it did become necessary for Nato to look for a new secretary-general, the Americans would clearly not want to risk another mistake. Last autumn's choice of Claes – a leftwinger with a record of opposing US nuclear missiles – did not thrill Washington, but the US thought it best not to object to a candidate who seemed to have the Europeans' approval.

Next time, the Americans would insist on a figure of unquestioned distinction and impeccable Atlanticist credentials. Recent high office in an important allied nation would be highly desirable.

Hence last week's chit-chat – dismissed in Bonn as "pure speculation" – focused on Volker Rühe, the German defence minister. He shares US enthusiasm for Nato enlargement – though, with General Klaus Naumann heading Nato's military committee next year, the alliance would then be a terribly Teutonic place.

Uffe Ellemann-Jensen, meanwhile, the Danish Liberal party leader and ex-foreign minister, would probably have got the Nato job last time if he had not been busy fighting an election. Denmark's conservatives – rivals of the liberals within the opposition bloc – have paid him the ambiguous compliment of lobbying for his elevation to Nato.

The respected Dane would have every chance of winning Washington's confidence. Still better would be some top-ranking Briton who was tired of Euro-bickering at home and was ready to tread the international stage. For the time being, that is but the faintest twinkle in American eyes.

World speech day

■ The organisers of the Copenhagen summit on social development have set themselves a tough task. They have ordered the 120 or so heads of state to limit their closing speeches to no more than seven minutes each.

Even in the unlikely event that the seven minute rule is observed, it still leaves more than 15 hours of non-stop speeches. Fortunately for the Danes, South Africa is sending President Mandela rather than Chief Mangosuthu Buthelezi who can go on for days.

Nevertheless, it raises the question of how one stops a head of state, like Fidel Castro, in full flow. Handle it badly and it could cause a diplomatic incident. No wonder Fidel has been put next to Denmark's Queen Margrethe II at the formal dinner on Saturday night. No one will be able to complain about his cigar smoke since the Queen is a notorious chain smoker.

Pyramid sell

■ The housing problem in Cairo worsens daily – housing the dead that is. The cemeteries are chock-a-block so that fixing up a suitable resting place now costs around E£60,000 (about $18,000). You would pay no more for a 120 sq m apartment in a none-too-salubrious part of town. Even a bargain basement tomb costs E£8,000 – about three-and-a-half years' wages. The only free accommodation in the cemeteries is for the quick, not the dead – a loophole being vigorously exploited by Cairo's homeless.

Non-fitting cap

■ In spite of the best efforts of Brazil's new president Fernando Henrique Cardoso to modernise the government, congress seems to be mighty slow to take the hint.

The senate has just approved, by a comfortable majority, one of the more foolish clauses lurking in the country's 1988 constitution – namely to cap annual real interest rates at 12 per cent.

A hopeless notion at the best of times, it is a target made doubly elusive because of Brazil's chaotic assortment of inflation indicators. Calculating "real" interest rates is a near impossibility in the first place.

Return ticket

■ So Barclays Bank is finally heading back to South Africa after a 10-year gap. It should never have left, but that is another story. It has got the go-ahead to establish a banking operation, and opens in Johannesburg next month.

It will concentrate on cross-border trade finance, corporate banking and servicing multinational clients with South African interests. As an international bank with big interests in the rest of the African continent it has to be in South Africa if it wants to capture the trade flows.

It does not seem interested in rebuilding its retail banking franchise, in spite of the power of the Barclays name.

But banking fashions can change.

BarING bride

■ Some marriages may be made in heaven.

But the shotgun variety obviously emanates from sINGapore.

The Financial Times

50 years ago

US shortage of whisky

Distillers say that the whisky shortage in retail stores within a few months is likely to become as great as the drought in the first half of 1944, when all aged brands all but disappeared, and even blended rye and other whiskies moved under the counter for sale only to favourite customers. The prospective shortage is due to the big increase in demand for alcohol for production of power and synthetic rubber.

Rover Cars (advertisement)

Whatever form the future Rover cars may take, the immediate post-war models will be very like those of 1940. We shall hold tight to the proven excellence of the past, while examining the prospects which lie ahead.

Optimism about bicycles

Chairman of the Raleigh Cycle Company, Sir Harold Bowden, takes a difficult view of the transition period, but is extremely confident as to the company's post-war export trading.

The Financial Times was not published on Sunday March 10 1895

FINANCIAL TIMES
Friday March 10 1995

Nintendo, Sega accused of inflating UK prices

By Alan Cane in London

Nintendo and Sega, the Japanese companies which dominate the video games market, inflate their UK prices through monopolistic practices, the Monopolies and Mergers Commission ruled yesterday.

In a strong attack on the business practices of the companies' UK subsidiaries, the commission said Nintendo UK and Sega Europe operated against the public interest. Monopolistic practices in the industry had adverse effects on the prices and availability of video games.

The report gives figures which suggest that a Sega Mega Drive console with software selling for £87.82 in the US would cost £132.39 in the UK, £116.62 in Germany and £112.64 in France.

Mr Jonathan Evans, corporate affairs minister, said he would draw the commission's findings to the attention of competition authorities in the EC, the US and Japan. It was not clear last night what action, if any, those authorities might take as a result of the report.

The commission's report follows an investigation initiated by Sir Bryan Carsberg, director-general of fair trading, in January 1994.

Sega is best known for its "Sonic the Hedgehog" while Nintendo has a range of games featuring the "Mario Brothers". Video game consoles sell for £200-£250, while games cartridges cost £15-£30. Cartridges – which are loaded with games software by Sega, Nintendo or a third party software supplier – are designed to work only with a particular manufacturer's console.

The commission said the two companies had:

- Established a discriminatory price structure resulting in games software prices that were excessive compared with the consoles on which they were played.
- Controlled the supply of third party games software through licensing conditions which left them as sole suppliers of games cartridges.
- Restricted the rental and part exchange of games software.

It recommends changes in the licensing conditions operated by the two companies, arguing in particular they should no longer arrange or control the manufacture of the games cartridges.

Mr Evans said the government accepted the report. There would now be a three month period for consultation.

Sega Europe said last night it was disappointed by the report and remained confident the success of its consoles and games was a consequence of their quality and competitive pricing.

The commission had failed fully to appreciate the nature of the technology involved and the speed of change in the market.

Nintendo said it rejected any idea that its pricing was either excessive or against the public interest. All its products faced the test of consumer demand and satisfaction. "Contrary to the impression given by the MMC, strong competition already exists in the marketplace."

MFS deal defies Deutsche Telekom monopoly

By Michael Lindemann in Bonn and Alan Cane in London

Deutsche Telekom's monopoly on German telecommunications was shaken yesterday when the city of Frankfurt signed a deal with Metropolitan Fiber Systems of the US for a fibre optic network which will provide companies with an alternative source of telecoms services.

MFS, one of the world's largest suppliers of fibre optic communications, said it would spend $10m to build the network, initially 10km in length. It will be the first non-government controlled carrier to construct and operate such a network in Germany, and hopes to begin operations later this year.

It remains unclear how much business MFS will be able to win from Deutsche Telekom as a result, but the US company has built similar metropolitan area networks (or rings) in London and New York. In London, it has more than 100 large business customers, each spending a minimum of £50,000 a year.

Germany's national telecoms network, owned by Deutsche Telekom, is not due to be opened to competition until the beginning of 1998, in line with most EU countries. However, fibre optic rings of up to 25km can be built under a 1993 law, and the postal and telecommunications ministry said several dozen licences had been awarded.

The Frankfurt network will permit banks to route all their voice and data traffic via MFS. The US carrier will lease lines from Deutsche Telekom to connect customers to other networks worldwide.

Frankfurt, which is home to the future European central bank, and is the country's financial centre, said the venture with MFS would offer companies improved services. Deutsche Telekom's existing network of copper cables transports data 70 times slower than fibre optic cable.

Frankfurt is also one of Germany's most heavily indebted cities and said the venture with MFS was an example of how municipalities could work together with private industry to offer better services. The fibre optic ring will be laid along parts of the city's existing underground cable network.

The London ring, which stretches over 60km, was completed last May, according to Mr Marc Destrée, who heads MFS's European operations. The company posted sales of $280m in 1994.

MFS said it hopes to copy the Frankfurt ring in other German cities. "There is huge pent-up demand for high quality services," Mr Destrée said, "especially in countries where the construction of networks was so far handled by monopolies."

Sinn Féin

Continued from Page 1

to constructive results. But a British official said the Adams' statement offered "greater clarity" on the decommissioning issue.

"Before the conditions for talks were fudged. Now they are clear on both sides," he added.

Mr Adams will meet Mr Clinton at a White House reception on March 17 in honour of Mr John Bruton, the Irish prime minister. US officials said Mr Clinton was inviting to the occasion members of Northern Ireland political parties "committed to peace".

The senior White House official also expected Mr Adams to be invited to lunch on March 16 on Capitol Hill in honour of Mr Bruton. It will be hosted by Mr Newt Gingrich, speaker of the House, and attended by Mr Clinton.

Mr Adams has enjoyed escalating access to the US government over the past 12 months. Last February, he was confined to social contacts with middle-level White House officials but in December he conferred in the White House with Mr Anthony Lake, the national security adviser, and talked on the telephone to Mr Al Gore, the vice-president .

It is generally accepted that the White House, rather than the State Department, had led the US effort to incorporate Sinn Féin into the peace process.

IMF and Yeltsin to finalise $6.4bn loan

By John Thornhill in Moscow

Mr Michel Camdessus, managing director of the International Monetary Fund, will today meet President Boris Yeltsin to finalise conditions for a $6.4bn standby loan to support economic reform in Russia.

The two men are expected to sign a joint policy statement in which Russia will enshrine its commitment to reduce its projected budget deficit and cut monthly inflation to 1 per cent by the end of the year in return for IMF assistance. The monthly inflation rate for February was 11 per cent.

Mr Camdessus, who has strongly championed western financial support for Russia, arrived in Moscow yesterday and was warmly greeted by senior Russian politicians, including Mr Victor Chernomyrdin, the prime minister.

In a sign of the importance the Russian government attaches to concluding a quick deal, the two sides immediately began talks inside the airport.

Mr Anatoly Chubais, the first deputy prime minister who has been overseeing Russia's negotiations with the IMF, was also on hand to press Russia's cause, as were Mr Vladimir Panskov, the finance minister, and Mrs Tatyana Paramonova, acting head of the central bank.

The two sides are today expected to sign a statement signalling an agreement in principle for the loan, but negotiations are likely to continue over the fine print of a deal.

The IMF board in Washington will also have to approve the loan before any money can be disbursed.

The IMF is likely to face criticism from the west for extending financial help while Russia is still waging a brutal campaign to restore order in Chechnya.

The IMF, which has previously expressed serious doubts about the viability of Russia's economic stabilisation plans, had intended to attach tight conditions to the loan, releasing it in monthly instalments despite the Russian government's objections to such a "humiliation".

Mr Sergei Aleksashenko, the deputy finance minister who this week announced his intention to resign from the government, said Russia expected to receive more than $1bn next month, with more than 90 per cent of the total being disbursed this year.

Russia's volatile capital markets have anticipated a successful conclusion to the talks.

Yen's rise forces up computer chip prices

Continued from Page 1

maintained through cost-cutting, which Japanese companies used in the past. Kyocera said the price rise was also needed to deflect accusations of dumping from US electronics companies.

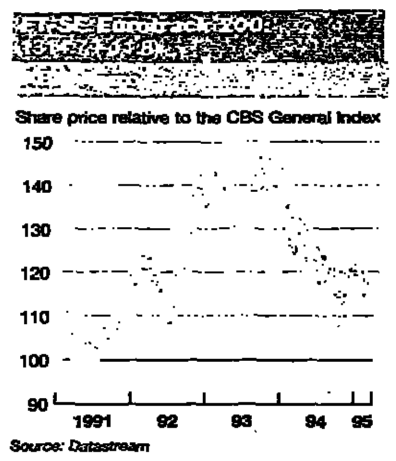
NEC is less vulnerable to the yen's rise than Kyocera because more than half of its overseas sales are made in overseas plants. The company planned to wait until the end of next week before deciding on new export prices for the US.

A spokesman for Toshiba, which has negligible overseas semiconductor production and exports 31 per cent of sales, warned it would be difficult to hold current US export prices and was considering price changes to take effect in April.

THE LEX COLUMN

ABN Amro's courage

ABN Amro is jangling its loose change. The Dutch bank may have been pipped at the post by near-rival ING in the race to buy bankrupt Barings, but it is still in the market to expand its investment banking business. Spending a few billion dollars would not be a problem; the bank's strong balance sheet could take it. In that sense, ABN is in a better position than some other European banks that also aim to build up securities operations. With the US law preventing banks owning securities houses likely to be repealed and smaller British merchant banks feeling nervous following Barings' collapse, opportunities for expansion will arise.



Source: Datastream

Whether splashing out on acquisitions would be wise is another matter. One problem is the high volatility of investment banking earnings; if these formed a larger share of ABN's profits, both its equity and debt ratings would be damaged. But an even bigger problem for ABN is that its current strategy has consisted of accumulating a portfolio of brokers scattered across the world. Though it has belatedly attempted to integrate these using Hoare Govett in the UK as the central node, the effort has been time-consuming and not terribly successful. If ABN buys several medium-sized brokers, that problem will be compounded. Buying a big securities house such as Lehman Brothers might overcome that problem, as it could provide a strong central node. But investors would need convincing that such a large acquisition in a troublesome industry was worth the risks.

Arjo Wiggins Appleton

Last month's death of Mr Bernard Dumon, chairman and chief executive of St Louis, has robbed the French group of its guiding spirit. St Louis's largest shareholders, Ifil and Worms & Cie, must now decide what to do with the group's 40 per cent stake in Arjo Wiggins Appleton. They could keep the holding but the synergies of St Louis's sugar and AWA's paper were always dubious. The more likely alternative is that they will eventually dispose of their holding.

One option is a trade sale, although any buyer would be obliged to make a full bid for the remaining shares. Mercury Asset Management's 15 per cent stake means a bidder would need to convince only two shareholders. True, an acquirer would need to pay at least £2.5bn, but that is eminently affordable for the likes of Hanson. Alternatively, a consortium of paper groups might bid. The European operations would fit neatly in KNP BT or Stora, although there might be competition policy worries.

Another option is an international offering. The unexpected dividend increase yesterday should help. The group is without a finance director; appointing one who could win investors' confidence would help even more. But given the group's chequered history, St Louis might struggle to gain an attractive price. Whatever happens, the doubts overhanging AWA need to be dissipated. The US businesses, though highly profitable, face long-term decline and require bolstering. If the company is to remain independent, it must soon take some strategic decisions.

GKN

The first profits from the 22 EH101 helicopters ordered by the RAF will not come through until 1997, but the order is unqualified good news for GKN. It does more than remove uncertainty over Westland's future; it opens up opportunities for the helicopter manufacturer in the long term. After delivering one helicopter last year, Westland is set to exceed its previous peak of 33 deliveries by the end of the century. The company also stands to win further orders for the new model from abroad, plus revenues from refurbishments, spare parts and training.

GKN's prospects are complemented by growth in its other businesses. Management is confident of increasing US component sales in spite of the prospect of an imminent slowdown in the north American automotive market. In Europe, the peak for the automotive cycle is some years away, and the group's transmission components joint venture with Fiat will help it win market share. Elsewhere, non-core businesses such as steel have been disposed of or will soon be sold. The Chep pallets business, which may seem an odd fit, will be kept, and rightly so with profits growth poised to accelerate in the US. The result is that GKN's earnings will climb rapidly between now and 1998, by as much as 30 per cent a year according to some forecasts. The group is well positioned for further dividend increases. The shares look attractive on a multiple of between 10 and 11 times next year's expected earnings.

Barings inquiry

The Bank of England's latest scheme for investigating Barings' collapse is a half-baked attempt to address public worries that the full truth will not come out. The new arrangement is that three Bank officials and six independent members will investigate events leading to the collapse and the broad regulatory issues involved. The Bank members will tactfully leave the room when the time comes to decide whether the Bank was at fault. Since they will then be called upon to give evidence, they will not be out of the room for long. But it is impossible to separate the Bank's role from the broader investigation into regulatory failures. So long as Bank members sit on the inquiry, doubts over its credibility will persist.

Trafalgar House

Can Trafalgar House really be debating whether to keep its £11-a-share bid for Northern Electric on the table? Hongkong Land, Trafalgar's main shareholder, may be desperate to shift capital out of Hong Kong, but the utility's value has been reduced by this week's suggestion that price controls in the sector may be tightened. It is a shame that takeover rules do not allow Trafalgar to lower its bid to take account of such a bolt from the blue, but it would not lose everything by walking away. Once the electricity regulator has decided the new price controls, Trafalgar could always mount a lower bid for another regional electricity company. They are, after all, twelve peas in a pod.

See additional Lex comment on BTR and Leeds/Halifax, Page 29

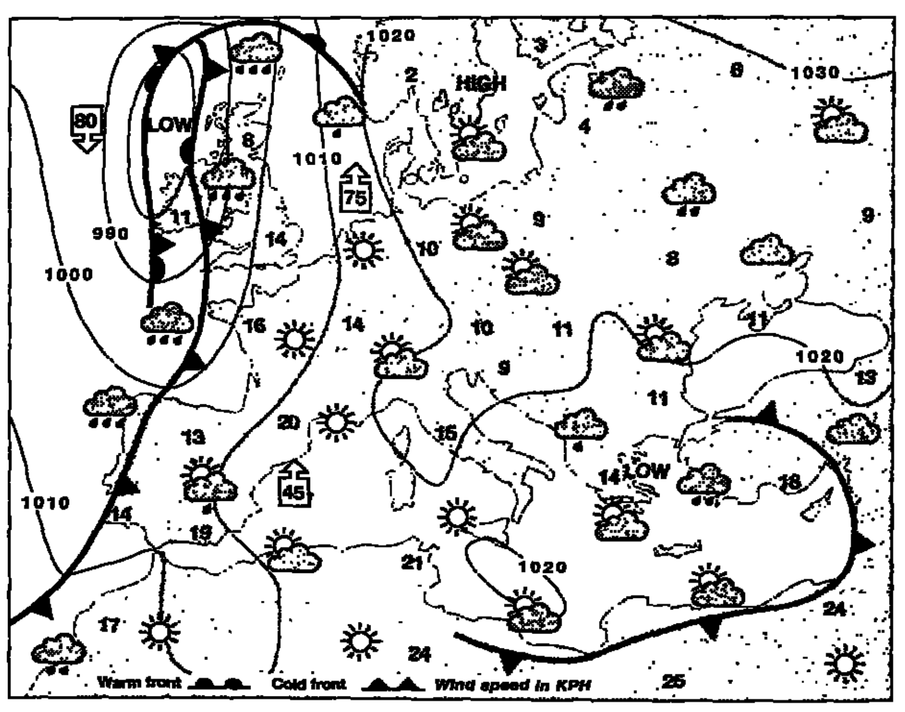
FT WEATHER GUIDE

Europe today

Mild, dry air will be drawn northward to western Europe between a zone of strong high pressure over the Baltic Sea and a storm west of Ireland. Rain and strong gale force southerly winds will develop in the Irish Sea and the English Channel. Conditions will be dry, sunny and unseasonably mild from eastern Spain to the North Sea and Germany. Moderate to fresh offshore winds will mean temperatures of about 14C in Belgium. Rain will reach Ireland and the west of England and Spain. The southern Balkans will have showers, but Romania and southern Scandinavia will be dry, with cloud and sunshine. The western Mediterranean will also be dry with plentiful sunshine.

Five-day forecast

The storm center near Ireland will shift northward, while the band of rain extending from Spain to the British Isles will gradually dissipate over the western continent.
In general, a zone of high pressure will persist over Europe. Conditions will be mainly dry, although the Mediterranean, Scotland, and northern Scandinavia will have some rain.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	cloudy	12	Caracas	cloudy	29	Faro	shower	16	Madrid	shower	14	Rangoon	sun	33
	Celsius		Belfast	rain	10	Cardiff	cloudy	12	Frankfurt	sun	10	Majorca	fair	18	Reykjavik	cloudy	1
Abu Dhabi	sun	27	Belgrade	fair	11	Casablanca	cloudy	17	Geneva	sun	10	Malta	sun	17	Rio	thund	29
Accra	cloudy	34	Berlin	fair	11	Chicago	fair	11	Gibraltar	shower	17	Manchester	fair	12	Rome	fair	15
Algiers	fair	21	Bermuda	cloudy	22	Cologne	sun	12	Glasgow	rain	9	Manila	cloudy	32	S. Frsco	rain	14
Amsterdam	sun	11	Bogota	cloudy	20	Dakar	fair	24	Hamburg	sun	10	Melbourne	fair	24	Seoul	cloudy	13
Athens	fair	15	Bombay	sun	32	Dallas	sun	20	Helsinki	shower	3	Mexico City	fair	27	Singapore	cloudy	32
Atlanta	sun	16	Brussels	sun	12	Delhi	fair	25	Hong Kong	cloudy	22	Miami	fair	24	Stockholm	fair	4
B. Aires	sun	25	Budapest	fair	11	Dubai	sun	26	Honolulu	fair	28	Milan	sun	12	Strasbourg	sun	11
B.ham	cloudy	12	C.hagen	fair	7	Dublin	rain	11	Istanbul	thund	13	Montreal	fair	-3	Sydney	shower	21
Bangkok	fair	35	Cairo	sun	24	Dubrovnik	cloudy	13	Jakarta	shower	31	Moscow	cloudy	7	Tangier	shower	17
Barcelona	fair	15	Cape Town	fair	28	Edinburgh	rain	9	Jersey	fair	15	Munich	sun	6	Tel Aviv	fair	22
									Karachi	sun	31	Nairobi	thund	28	Tokyo	rain	14
									Kuwait	sun	27	Naples	fair	15	Toronto	cloudy	-1
									L. Angeles	rain	18	Nassau	fair	25	Vancouver	rain	11
									Las Palmas	shower	21	New York	fair	7	Venice	fair	10
									Lima	fair	28	Nice	fair	13	Vienna	fair	9
									Lisbon	rain	13	Nicosia	fair	17	Warsaw	fair	8
									London	fair	14	Oslo	cloudy	2	Washington	sun	8
									Lux.bourg	sun	10	Paris	fair	15	Wellington	rain	17
									Lyon	sun	17	Perth	sun	26	Winnipeg	cloudy	8
									Madeira	rain	17	Prague	cloudy	9	Zurich	sun	8

FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Crédit Lyonnais may delay results

The 1994 full-year results for Crédit Lyonnais, the loss-making bank controlled by the French government, are unlikely to appear until early April as a result of delays caused by the continuing tensions over details of a second rescue package for the group. Page 24

Aérospatiale cuts its deficit
Aérospatiale, the French state-owned aircraft and missiles group, announced a sharp reduction in losses for 1994. Page 24

Export growth lifts Heineken profits
Heineken, the Dutch brewer, said higher exports lifted net profit before extraordinary items by 16.3 per cent to Fl 603m ($389m) in 1994. Page 24

Lafarge Coppée rises 43%
Lafarge Coppée, the French building materials group, announced a 43 per cent increase in net profits last year to FFr2.23bn, ($440m) with stronger conditions across its markets. Page 24

Sharp fall at Uni Storebrand
Uni Storebrand, Norway's largest insurance group, disclosed a sharp reduction in 1994 full-year pre-tax profits to NKr522m ($84.46m). Page 25

Taiwan forges ahead on steel sale
Taiwan authorities are pushing ahead with plans to privatise China Steel Corp, the island's largest steelmaker, in what will be the Taiwan stock market's biggest share offering. Page 26

Placer Dome builds for the future
Placer Dome, the Canadian gold producer, has launched a drive for acquisitions and new projects with about US$900m worth of construction work under way. Page 25

Rolls-Royce ahead to £101m
Plant closures and a fall in research and development spending helped Rolls-Royce raise 1994 pre-tax profits by 33 per cent, from £76m to £101m ($165m) – at the top end of market expectations. Page 28

GKN doubles profits and wins order
GKN the motor components, industrial services and defence equipment company won a crucial helicopter order and announced a doubling of profits from £97.5m to £200.3m ($328m). Page 28

Arjo Wiggins buoyed by paper industry
Continuing recovery in the paper industry helped Arjo Wiggins Appleton lift pre-tax profits by 78 per cent during 1994. Page 32

Enterprise falls with cost of Lasmo bid
Enterprise Oil, the independent oil company, produced unchanged after-tax profits of £95m ($156m) in 1994. But the £24m costs of its unsuccessful bid for Lasmo dragged the final profit down to £71m. Page 30

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
DEW	370	+	15
Hamburg Elekt	257	+	8
Hochtief	808	+	22
Falls			
Rato	565	–	40
BMW	700	–	23
Lahmeyer	550	–	25
NEW YORK ($)			
Rises			
IBM	81⅞	+	1⅝
SkyBox	15¾	+	2⅜
Texas Insts	86⅝	+	1⅛
Falls			
Bankers Tst	58⅝	–	1¼
Morgan (JP)	61⅛	–	1¼
Telefonos	32¼	–	1
LONDON (Pence)			
Rises			
Forward Gp	267	+	19
SEP	45	+	5½
Falls			
Cornwell Parker	63	–	17
Lloyds Chemists	210	–	27
Raine Inds	30	–	17
Stagecoach	209	–	28
TORONTO (C$)			
Rises			
Biovail	20¼	+	1¾
Delrina	20⅝	+	1⅛
Franco-Nevada	83¾	+	1
Placer Dome	30¾	+	1
Samuel Manu	22½	+	1⅛
Falls			
Softkey Software	38½	–	1¼
PARIS (FFr)			
Falls			
Air Liquide	929	–	21
Danone	758	–	15
Gen Des Eaux	445	–	16.5
Elf-Aquitaine	359	–	6.8
Lafarge Coppee	331.3	–	10.1
Soc Generale	477	–	8
TOKYO (Yen)			
Rises			
Autobacs Seven	9280	+	340
Fujitsu	875	+	8
Hitachi	848	+	13
Penta-Ocean	781	+	16
Shima Seiki	5850	+	200
Sumitomo Const	785	+	25
HONG KONG (HK$)			
Rises			
China Light	36.9	+	1.5
HSBC	79.25	+	1.2
Hang Seng Bk	47.8	+	1.1
Henderson Land	42.4	+	0.9
Sun Hung Kai	50.5	+	1.1
Falls			
Hasco	21	–	1.2
BANGKOK (Baht)			
Rises			
Bangkok Ins	420	+	22
Kang Yong Elec	188	+	17
Sino-Thai Eng		+	
Falls			
B Grimm Eng	169	–	15
Land & House	350	–	14
Samaggi Ins	112	–	16

New York & Toronto prices at 12.30.

ABN Amro net profit rises by 13%

■ Foreign strength outweighs dip at home
■ 'No regrets' on losing Barings to ING

By Ronald van de Krol in Amsterdam

ABN Amro, the Dutch bank which made an unsuccessful attempt to take over parts of Barings, the collapsed UK merchant bank, posted a 12.9 per cent increase in 1994 net profit. The advance was due to strong international results which helped overcome a slight dip in results at home.

The bank, which added more than 90 foreign offices to its network last year, said net profit rose to Fl 2.29bn ($1.48bn) from Fl 2.02bn. *The dividend is to be raised* to Fl 3.20 from Fl 3.05.

Mr Jan Kalff, chairman, said ABN Amro had no regrets about losing Barings to ING Group, the Dutch financial services group. ING won the favour of administrators by being prepared to bid for Barings in its entirety, while ABN Amro was interested only in its *corporate* finance and asset management arms.

"There will be more opportunities in future," Mr Kalff said, citing asset management as an important growth sector.

"If opportunities arise to do small or large acquisitions to foster this growth, probably outside the Netherlands, we would look at it every time if the price is right," he said.

Asked specifically about Mercury Asset Management, the UK *fund management* company which is 75 per cent owned by S.G. Warburg, Mr Kalff said the Dutch bank had not looked directly at MAM noting that it would be an expensive business to acquire.

ABN Amro's foreign operations, led by the US, Brazil and France, boosted pre-tax profits by 28.1 per cent to Fl 1.53bn, accounting for 46 per cent of total pre-tax profits against 38 per cent a year earlier. Acquisitions, particularly of Cragin Financial in the US, helped raise the bank's number of foreign branches to 601 from 503.

In Europe, pre-tax profit fell by Fl 157m to Fl 285m *due to weaker performances in* Germany, Switzerland and the UK.

Hoare Govett, the UK broker acquired by ABN Amro in 1992, posted lower results due to difficult trading conditions on the UK bond market.

However, another London-based subsidiary, ABN Amro Securities (UK), which focuses on continental bond markets, had a record year.

In the Netherlands, pre-tax profit fell by 7.1 per cent to Fl 1.83bn. This was due partly to a slight contraction of the *interest rate margin, a contrast to overseas* business where the margin actually widened. Another reason for the decline was a drop in results *from securities trading* and foreign exchange dealing, prompted by the unexpected rise in international interest rates in early 1994.

ABN Amro, traditionally the main *lender* to the Netherlands' largest companies, also encountered a slight softening of demand for loans as companies turned to the buoyant stock market to raise money through share issues.

Lex, Page 22; Dutch banks, Page 20

Rover director joins board of Audi

By Kevin Done, Motor Industry Correspondent, in London

Mr Graham Morris, managing director of Rover Europe, is to join the board of Audi, the executive car *division of the* Volkswagen group of Germany, as sales and marketing director.

Mr Morris, who has spent his entire 23-year career with Rover, formerly British Leyland, will become the first British member of the Audi management board.

His appointment, which is subject to approval by a meeting of the Audi supervisory board on *March 22*, *is part of VW's effort* to strengthen its worldwide sales and marketing operations.

Next week Mr Robert Büchelhofer, formerly director of sales and marketing at BMW, the German luxury carmaker, is expected to join the management *board of the VW group, as sales* and marketing director responsible for the development of four brands: Volkswagen, Audi, Seat and Skoda.

The VW group plunged into turmoil in 1993 under the controversial leadership of Mr Ferdinand Piëch and suffered heavy losses.

As the management fought to *stem the losses, sales and marketing* ceased to be a separate board function with the main effort concentrated on cost-cutting and on improving productivity and efficiency in engineering and manufacturing.

The appointment of Mr Büchelhofer *signals* VW's push to streamline and improve the efficiency and quality of its dealer *network and of its marketing*.

Mr Büchelhofer was in the forefront of the reform of BMW's sales network in Germany in the late 1980s and early 1990s. He pioneered the introduction of techniques for measuring customer satisfaction, and made this *one of the criteria for* rewarding dealers alongside payments related to sales volume targets.

The appointment of Mr Morris by Audi as board member with worldwide *responsibility* for sales and marketing reflects Rover's recent progress in improving its image and moving itself up-market.

Mr Morris has led the effort to strengthen Rover's sales and marketing operations in continental Europe and to lessen its dependence on the UK market.

Mr Morris's move took Rover by surprise.

David Wighton and Peggy Hollinger examine Trafalgar's possible moves

Electric endgame: resign or play on?

A week ago there was little doubt that today would *mark the end of* Trafalgar House's £1.2bn ($2bn) bid for Northern Electric. It was clear that when the *cash alternative* closes at 1pm Northern's fate would be sealed one way or the other. But thanks to the dramatic intervention of the UK electricity regulator, today now represents merely the beginning of an intriguing endgame.

After nearly three months of manoeuvring, the position was delicately poised. But Professor Stephen Littlechild's announcement on Tuesday that he was considering imposing tougher price controls on the regional electricity companies overturned *the chess board*.

Northern's reaction was swift. Because its defence – the £560m *incentive package for shareholders* – was undermined by the uncertainty, it had little option but to resign and recommend Trafalgar's offer.

In contrast, Trafalgar faces a number of options:

● **To pull the bid immediately.** *After Prof Littlechild's announcement*, Northern is worth less to Trafalgar, possibly significantly less. One of the bid conditions is that the regulator does not seek any modification to Northern's licence except on terms satisfactory to Trafalgar. If, in his talks with Northern, the regulator indicates his intention to seek such a modification, Northern *could simply pull out*.

● **To wait.** Assuming the bid goes unconditional as to acceptances tomorrow, Trafalgar has until March 31 to declare it unconditional in all respects. It may decide to hang on in the hope that the regulator's *intentions will become clearer*. Prof Littlechild has said he will "aim to decide before March 24 whether to proceed with the advertised price control, and whether to consider a further tightening of the control".

If the regulator decided not to *tighten control, Trafalgar could* proceed with the bid. But this is highly unlikely and Prof Littlechild has said any tightening would not be announced until the end of June. It is also highly unlikely that the regulator will give Trafalgar any other indication before the end of March.

Other parties are putting pressure on the regulator to clarify *the position sooner*. But if he sticks by his timetable, Trafalgar will have to take a gamble on the price formula he will propose. If it is not much different from the existing retail price index minus 2 percentage points, then Trafalgar could live with its current *bid*. "If it was RPI-minus-2½ we could keep £11 on the table," said one of Trafalgar's advisers. Analysts estimate Trafalgar would still want Northern if the formula went up to RPI minus 4, but it could no longer justify the same price.

● **To make a lower offer.** Trafalgar would like to cut the terms of its offer. With Northern's shares *closing at 818p yesterday, and all* the other regional electricity companies trading at under 700p, Trafalgar is clearly offering more than it needs to to win. But under the Takeover Code it cannot change the terms. All it can do is lapse the current bid and *start again*.

Under the Code it could not bid again for 12 months but the Code says the Panel will *"normally"* allow another bid after three months if the new offer is recommended by the target board. The exception is designed to allow *terms to raised*. *Although* it is thought the Rule has never been applied to a lower offer, there is *no reason to suppose that the* Panel would not give its consent. Whether Northern would give a recommendation is another matter. If Trafalgar were to make a *slightly* lower offer while the regulatory uncertainty continues, Northern's board would find it *difficult not to recommend it*. If it had been announced, Northern would have to decide whether the new offer was worth more than any revised version of its incentive package.

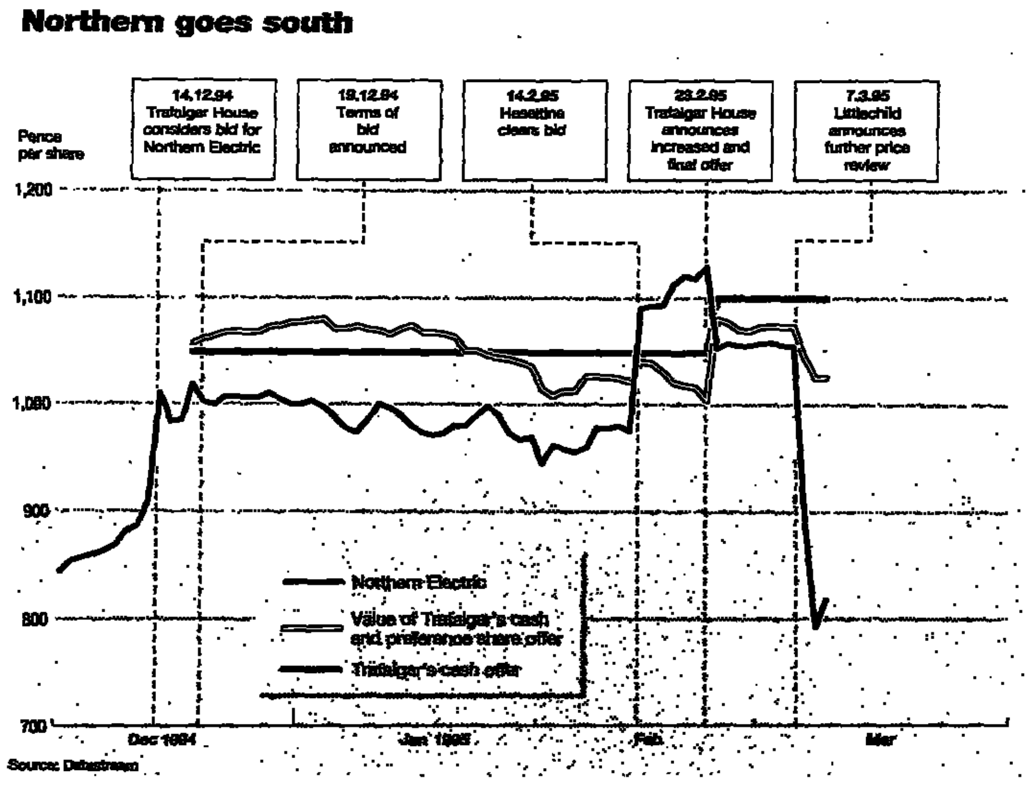
● **Buy Northern shares in the market.** Trafalgar could reduce *the costs of a bid by purchasing* Northern shares in the market. But even if it wanted to, it is unclear whether it could use bank facilities it has arranged to fund the bid for such a purpose.

● **To make a lower hostile offer for another rec.** Analysts believe *this is unlikely if only because of* the possibility that Trafalgar could face referral to the Monopolies and Mergers *Commission*.

● **Continue with the bid regardless.** There is little doubt that the Trafalgar management is keen to proceed. Northern would transform Trafalgar into a much more solid group with a strong UK earnings stream to take advantage of its tax losses. Mr Michael Cohen, electricity analyst with *Salomon Brothers, predicts* Trafalgar will go ahead. "I think they need it. Can they afford to walk away?" Even if Trafalgar was determined to proceed, the underwriters to the cash alternative and the banks providing £500m of funding might not be so committed.

Editorial comment, Page 21;
Lex, Page 22; Generator shares below *offer* price, Page 28

Northern goes south



Source: Datastream

Warburg plans more control for US arm

By John Gapper, Banking Editor, in London

S.G. Warburg, the UK investment bank whose chief executive resigned last month, is implementing management changes to bring its US operations under stronger functional control, and integrate securities activities.

Sir David Scholey, who took over from Lord Cairns as chief executive, told directors that Mr Tom Wyman, the chairman of its US *operations*, will relinquish executive responsibilities from March 31.

Mr Wyman will *step down* from the board at the end of June, with *Mr Michael Gore*, chairman of its Asia Pacific operations. Mr Wyman will *remain as non-executive chairman* of US operations, but there will be no US chief executive.

There have been questions over the future of Warburg's US operations after its failure to merge with Morgan Stanley. Sir David has told directors that *corporate finance and securities* operations in New York will report directly to London.

Sir David has also announced other changes including:

● The setting up of a "prudential committee" in its banking arm which will oversee risk, and *control of assets and liabilities*. Sir David has told directors that this was seen as essential even before the Barings' crisis.

● The integration of its bond and equities operations in a single securities division. The fixed interest operations will form an *arm within a division* which will concentrate on equities.

● The appointment of outside consultants to look at further potential cost savings. Cuts of 90 jobs in derivatives were announced this week, but directors believe further annual cost savings can be achieved.

Mr Derek Higgs and Mr Nick Verey, chairmen of the firm's broking and banking arms are being given additional duties. Mr *Mark Nicholls*, head of corporate finance, and Mr Michael Sargent, head of securities, are joining the US *management committee*.

Sir David said yesterday that he believed there was still room for considerable productivity improvements in the group. He added that the outside consultants would look "hard, toughly and sharply" at Warburg's costs. Integration of the bank's bond and equities operations in one division would eliminate "a lot *of overlap*" between the two.

BTR soothes concerns with stronger margins and sales

By David Wighton in London

BTR, the UK-based industrial conglomerate whose shares fell heavily last year, yesterday *reported better than expected* 1994 figures. The results showed a strong improvement in margins *and underlying sales growth* in the second half and the group said the level of its order books *suggested the trend* would continue.

BTR also said it had decided *against issuing any more* warrants which had been unpopular with some institutions.

The group's shares *fell sharply* in September when it announced a fall in first-half margins, due mainly to one-off problems in the US, and warned that it was finding it difficult to pass on higher raw materials prices to customers. But Mr Alan Jackson, chief executive, said the pressure on margins had eased towards the *end of the year*. "The last three months were very strong, partly thanks to volume growth", he said. Margins rose from 15.2 per cent in the first half to 17.2 per cent in the second, six months giving an average of 16.2 (16) per cent for the year.

Underlying sales growth also picked up strongly from 5.8 per cent in the first half to 8.5 per *cent in the second*.

Boosted by acquisitions, operating profits from continuing operations rose 14 per cent to £1.48bn ($2.42bn) on sales up 12 per cent to £9.11bn. Including dis*continued operations* and the impact of disposals, pre-tax profits rose 11 per cent to £1.41bn on *turnover of £9.44bn (£9.77bn)*.

Dividends are up 10 per cent to 13.5p, or 21 per cent to 14.8p taking into account the *enhanced* foreign income dividend paid at the interim stage. Fully diluted earnings per share rose only 2 per cent to 22.7p, because of an increase in the shares in issue.

BTR's gearing fell from 64 per cent to 35 per cent though January's $618m acquisition of Formica would have taken it to 48 per cent. While BTR was continuing to search for acquisitions, Mr Jackson said much of what was available was "hugely overpriced". He said no further large disposals were planned although the aggregates, sports goods and Taiwanese chemicals businesses did not fit its long-term focus on industrial manufacturing. The Dunlop sports business was now performing well.

BTR's stronger second half growth was helped by improved trading conditions, particularly in the US and Australia. US sales rose 11 per cent, excluding the *acquisition of the manufacturer* Rexnord. BTR Nylex in Australia also produced good growth.

UK profits fell slightly to £384m (£399m) held back by the electric power and valve groups, and reorganisation costs.

Stockbrokers ABN Amro Hoare Govett lifted its 1995 profit forecast to £1.55bn but *maintained* its earnings forecast at 24.2p. The shares added 3½p to 311½p.

Lex, Page 29

Rescue problems delay Crédit Lyonnais results

By Andrew Jack in Paris

The 1994 full-year results for Crédit Lyonnais, the loss-making bank controlled by the French government, are unlikely to appear until early April as a result of delays caused by the continuing tensions over details of a second rescue package for the group.

In an echo of a similar delay before the 1994 first-half figures were announced late last year, the bank's results – which are expected to show losses running to several billion francs – will no longer be published on March 23 as originally planned.

The fresh delay highlights the difficulties in agreeing terms between Crédit Lyonnais, which reported FFr6.9bn ($1.39bn) in losses for 1993, the government, other shareholders, and regulators and auditors involved in determining the details of the rescue package.

The French state is close to finalising terms under which it would provide guarantees to underwrite more than FFr100bn in assets to be reclassified on Crédit Lyonnais' balance sheet. An announcement could come as soon as next week.

However, the bank's auditors and the state banking commission will not approve the 1994 accounts until final agreement has been reached on the restructuring. There is then likely to be a delay of three to four weeks before the results for the year can be published, once the accounts have been adjusted accordingly.

The new support comes on top of an initial restructuring last year which involved FFr23.3bn in state guarantees, cash and new capital to keep the bank above internationally-agreed solvency standards.

Mr Edmond Alphandéry, the minister of economics who is handling the restructuring negotiations for the state, last week held meetings with senior French bankers to hear their concerns about additional government support.

Mr Marc Viénot, chairman of Société Générale, and Mr Michel Pébereau, chairman of Banque National de Paris, have both questioned any new state aid unless balanced by substantial additional commitments from Crédit Lyonnais to cut costs and sell assets such as its extensive European banking network.

Mr Alphandéry is also mindful of concerns from Brussels, where Mr Karel van Miert, the EU competition commissioner, last week called for a formal inquiry by the European Commission into the nature of state support for the bank in its previous and current rescue attempts.

On September 23 last year, the day it was due to publish its first-half results for 1994, Crédit Lyonnais was forced to announce a delay, caused by negotiations over the amount of state support. It unveiled losses of FFr4.5bn and a further FFr10.1bn in provisions a week later.

Growth in exports lifts Heineken profits 16%

By Ronald van de Krol in Amsterdam

Heineken, the Dutch brewer, said higher exports helped push up net profit before extraordinary items by 16.3 per cent to Fl 603m ($389m) in 1994.

Total net profit was lifted to Fl 662m by a previously announced Fl 59m extraordinary gain on the sale of Heineken's stake in a Benelux spirits joint venture to its former partner, BolsWessanen, the Dutch food and drinks group. Heineken booked no extraordinary gains in 1993.

The company said export growth was "substantial", with exports to the US, where Heineken is the leading imported beer, rising 10 per cent.

Growth rates of exports to some other markets, such as China, Taiwan and Hong Kong, exceeded the figure for the US, Heineken said. Details are expected to be contained in the company's annual report, to be published in April.

Heineken, which has a strong position in emerging market countries, said growth in the world beer market was currently concentrated in east Asia and South America, while stagnation continued to beset the traditional beer markets of North America and Europe.

However, Heineken reported an unspecified rise in market share in all European countries where it has local breweries.

Group turnover rose by 10 per cent to Fl 9.97bn, with higher volumes accounting for four percentage points of the increase.

The rise in exports was achieved partly by intensified market efforts aimed at strengthening the group's flagship brands, Heineken and Amstel. Overall, marketing and sales expenses were raised by 16 per cent to Fl 1.42bn.

Heineken's dividend was left unchanged at Fl 3.50.

The company said it remained confident about long-term profit growth, and it predicted a further increase in net profit before extraordinaries in 1995.

Lafarge Coppée lifts net by 43%

By John Ridding in Paris

Lafarge Coppée, the French building materials group, yesterday announced a sharp increase in profits for last year, raising its net result by 43 per cent to FFr2.23bn ($452m).

Mr Bertrand Collomb, chairman, said the rise reflected stronger conditions across the company's markets and outlined a strategy of continued expansion.

However, he sought to dampen speculation that Lafarge would enter the bidding for control of National Gypsum, the US plasterboard group which faces a $1.12bn bid from BPB of the UK.

"We have not expressed an interest in making an offer," Mr Collomb said, after announcing the 1994 results. Industry observers in Paris said they would be surprised if Lafarge were to make a bid, although the company holds a strategic stake of 10 per cent in the US group.

"It would not be a good strategic move," said Ms Muriel Fellous at Société Générale. She believes Lafarge should focus its resources on expanding its cement interests in developing markets rather than consider such a significant plasterboard investment. She added, however, that Lafarge would be reluctant to see National Gypsum fall into the hands of BPB.

The French group, already one of the world's biggest building materials concerns, has been steadily building up its international operations. Mr Collomb referred to a series of investments in 1994, from China and Indonesia to Morocco and Brazil, to illustrate the company's expansion strategy.

According to the Lafarge chairman, group investments totalled FFr5.6bn, up from FFr4.3bn in 1993. These were mainly financed from working capital and proceeds from divestment of non-strategic assets. The balance sheet was strengthened, with net debts falling FFr3.5bn to FFr2bn. As a result, interest expenses declined to FFr645m from FFr984m in 1993.

Group sales rose by 8 per cent to FFr32.84bn in 1994, but the principal cause for the rise in net income lay in the improvement at the operating level. Operating profits rose 25 per cent to FFr4.3bn, reflecting the impact of productivity measures, a sharp rise in earnings by the US subsidiary, and improved margins in several product areas.

Mr Collomb said 1994 had seen substantially stronger cement markets in western Europe, contributing to a rise in operating income from FFr2.84bn to FFr3.63bn for the division. A strong increase was also experienced in the gypsum activities, which brought profits of FFr249m, compared with FFr84m in 1993.

Earnings per share increased 21 per cent to FFr28.5. The company said it would raise the dividend from FFr9 to FFr10 a share.

Metsäliitto in FM1.1bn restructuring

By Hugh Carnegy in Stockholm

Metsäliitto, the Finnish co-operative group, yesterday announced a FM1.1bn ($255m) restructuring within its extensive forestry industry operations aimed at strengthening Metsä-Serla, one of the country's leading listed forestry products companies.

Metsä-Serla, controlled by Metsäliitto, is taking control of Metsä-Botnia, principally a pulp producer, while selling its sawmilling and building supply operations to other Metsäliitto interests.

The move will increase speculation of further restructuring within the forestry industry, which has been rife since the sector began to recover strongly from recession last year. Last week, Metsäliitto acknowledged it had expressed its interest "in principle" in restructuring deals to the government and other domestic and foreign forestry groups.

Although it said no discussions were under way, it is understood primarily to be interested in the 52 per cent voting stake the state holds in Enzo-Gutzeit, one of Europe's leading producers of fine papers and newsprint.

Yesterday's move will narrow Metsä-Serla's focus to paper, board and pulp production, securing its access to the often volatile supply of paper raw materials by making it self-sufficient in chemical pulp. Metsä-Serla's annual turnover will rise by some 40 per cent to FM13.5bn as a result, but the deal will have little effect on the group's financial position, leaving it with an equity to assets ratio of 40 per cent.

Under the series of deals, Metsä-Serla is buying a 21.6 per cent stake in Metsä-Botnia from Metsäliitto for FM300m, taking its share in the sister company to 52 per cent, making it a subsidiary.

The other main shareholder in Metsä-Botnia, with 47 per cent, is United Paper Mills, the forestry unit of the Repola group.

Meanwhile, Metsäliitto is paying FM800m for Metsä-Serla's sawmilling and building supply operations.

The move increases Metsä-Serla's chemical pulping capacity to 1.5m tonnes a year and raises its total capacity for kraftliner and fluting, the main materials for corrugated board, to 530,000 tonnes a year.

Aérospatiale cuts its deficit but order book remains weak

By John Ridding

Aérospatiale, the French state-owned aircraft and missiles group, yesterday announced a sharp reduction in losses for 1994, but said that the volume of orders remained insufficient.

In a statement announcing a net loss of FFr480m ($97.4m) for last year, compared with a deficit of FFr1.42bn in 1993, the French group also warned about the impact of currency movements on the European aerospace sector.

"This is a major point today ... one cannot but insist on the necessity of the return of the US dollar to an exchange rate parity that more accurately reflects the economic situations in the US and Europe," the company said.

According to Aérospatiale, the unfavourable dollar exchange rate cost the company FFr300m in 1994.

The results were also hit by unspecified exceptional charges taken against continuing restructuring and productivity measures at the group.

Sales in 1994 fell to FFr48.6bn from FFr50.8bn, while orders rose edged up from FFr28.9bn to FFr29.6bn.

In spite of the slight improvement, Aérospatiale, which is a member of the Airbus consortium and the Franco-Italian ATR joint venture, said that the pattern for orders was mixed and insufficient.

According to the French group, orders for commercial airliners with more than 100 seats continued to decline while deliveries fell to their lowest level for 10 years.

The market for regional aircraft also remained depressed, as did sales of helicopters and missiles.

"Only the space sector was able to avoid the impact of recession, thanks to sustained demand for earth observation and telecommunication satellites and for the launch vehicles that place these satellites into orbit," the company said.

In spite of the depressed conditions, Aérospatiale reported several bright spots. Total orders for Airbus airliners increased and cancellations declined.

Eurocopter, its helicopter operation owned jointly with Dasa of Germany, maintained its 50 per cent share of the world civil helicopter, while debts continued to fall.

A FFr2bn capital increase from its state shareholder helped reduce net borrowings by FFr5.7bn to FFr13.3bn at the year-end.

The bulk of the improvement, however, reflected the reduction in working capital requirements resulting from productivity measures and curbing inventories.

Austrian retailer under court protection

By Eric Frey in Vienna and Ian Rodger in Zurich

Konsum, the troubled Austrian food retailing chain, was placed under court protection yesterday after its banks cancelled a Sch2bn ($205m) restructuring loan agreed in January.

The collapse is Austria's largest since the Voest-Alpine steel and engineering group failed in 1985 after running up losses of Sch11.1bn, mainly on speculative oil trading.

Konsum, which is controlled by the Austrian trade unions, has debts amounting to Sch10bn and has faced increasing difficulty trading in recent weeks as nervous suppliers refused to deliver goods and consumers were put off by half-empty shelves.

The collapse of what was once the country's largest food retailing chain follows years of mismanagement, heavy losses and a failed partnership with the large Swiss supermarket group Migros.

Migros, which invested some SFr200m ($173m) in two Konsum subsidiaries in June 1993, said it was considering three options – withdrawal, buying outright some of Konsum's stores, and waiting for receivership when it could exercise first refusal rights on some assets.

The banks have agreed to pay suppliers so the group can continue to trade for six weeks while a solution is negotiated. It will probably include partial forgiveness of debts and a sale of assets.

The government wants to avoid bankruptcy, which would mean that thousands of trade union member shareholders – most of them also members of the ruling Social Democratic party – would be held fully responsible for the losses.

Konsum's main asset is a 31 per cent stake in the trade unions' bank, Bank für Arbeit und Wirtschaft (Bawag), worth an estimated Sch4bn.

However, a minority stake in Bawag would be of little interest to potential buyers, and trade union leaders appear reluctant to sell their controlling interest.

Konsum lost Sch1.8bn last year on sales of Sch32.5bn, after a loss of Sch1.7bn in 1993. Hopes that the co-operation with the highly successful Migros group would help break down Konsum's bureaucratic and inflexible management style proved unfounded.

In recent weeks, both sides have blamed the other for the failure.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 10.03.95: Pool purchase price £/MWh	Firm Prices for Trading on 10.02.95: Pool purchase price £/MWh	Firm Prices for Trading on 10.02.95: Pool selling price £/MWh
0030	13.50	8.80	8.80
0100	15.79	8.82	8.82
0130	12.34	8.95	8.95
0200	12.52	8.95	8.95
0230	11.41	8.82	8.82
0300	13.50	8.83	8.83
0330	8.09	8.83	8.83
0400	8.93	8.81	8.81
0430	8.79	8.80	8.80
0500	8.78	8.75	8.75
0530	8.77	8.81	8.81
0600	8.77	8.80	8.80
0630	8.19	9.06	9.06
0700	8.77	9.13	9.13
0730	8.04	13.75	15.24
0800	3.93	20.70	22.35
0830	11.76	19.50	21.33
0900	14.36	23.03	35.25
0930	13.66	21.92	34.28
1000	17.51	29.27	31.70
1030	14.55	23.25	25.49
1100	13.54	22.69	24.81
1130	13.54	22.46	24.53
1200	13.53	22.28	24.31
1230	13.45	21.73	23.84
1300	13.29	19.16	20.91
1330	11.68	12.27	13.84
1400	9.30	13.78	13.78
1430	8.89	9.27	9.27
1500	8.97	9.20	9.20
1530	8.97	9.16	9.16
1600	8.86	9.21	9.21
1630	8.97	14.27	14.27
1700	9.07	27.05	27.05
1730	10.05	42.79	49.88
1800	10.26	64.88	73.75
1830	14.84	64.13	72.68
1900	17.63	48.81	55.01
1930	17.47	31.34	35.02
2000	14.12	22.01	24.06
2030	8.05	19.72	21.19
2100	8.03	11.75	13.18
2130	8.03	13.51	14.82
2200	8.93	9.08	9.08
2230	8.77	8.95	8.95
2300	8.19	8.80	8.80
2330	8.19	8.76	8.76
2400	8.11	8.77	8.77

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. [illegible]

INTERNATIONAL COMPANIES AND FINANCE

NEWS DIGEST

Outokumpu shrugs off flat sales to lift earnings four-fold

Outokumpu, the Finnish mining and metals group, yesterday reported a four-fold increase in profits before taxes and extraordinary items in 1994, to FM1.02bn ($234m) from FM228m in 1993. The improvement came in spite of static sales, writes Hugh Carnegy in Stockholm.

Group turnover was up less than 1 per cent, at FM16.7bn from FM16.6bn, but Outokumpu said the underlying increase was 9 per cent when the divestment of several businesses during the year were taken into account.

Operating profit moved up to FM1.05bn from FM852m because of a fall in the cost of sales and other operating expenses. However, the biggest boost to the bottom line came from a FM285m exchange rate gain, after a FM20m loss in 1993, and the near-halving of other financial costs to FM308m from FM604m as a result of lower borrowing costs.

The annual dividend was set at FM1 a share, after no payout last year.

Outokumpu said the outlook at the beginning of 1995 was favourable, as growing investment activity in Europe – its chief market – and strong demand for metals and metals products promised further improvements in profitability. It warned, however, that the recent fall in the value of the dollar and a strengthening of the Finnish markka hit its financial prospects. Low zinc prices, meanwhile, clouded the otherwise positive outlook for the base metals division.

Nevertheless, the group said it expected continued strong results from its stainless steel division, its biggest profit-maker, which produced operating profits last year of FM909m compared with FM844m, on sales of FM4.4bn.

It also anticipated stronger profits from the copper division, its biggest unit.

Pfaff back in black after three years

G. M. Pfaff, the German sewing machine maker, has returned to the black for the first time in three years with profits of DM10.2m ($7.4m) in 1994, writes Frederick Stüdemann in Berlin.

However, group turnover for the year dropped to DM795.4m from DM867.4m in 1993. The company blamed the fall on exchange rate related losses and the disposal of loss-making activities.

The improvement in earnings came from job cuts and the shifting of production out of Germany. Pfaff, which is majority-owned by Semi-Tech of Hong Kong, has set up manufacturing operations in China and Russia and plans to expand its activities in Vietnam, India and Brazil.

Schering proposes increased payout

Schering, the German pharmaceuticals company, will pay an increased dividend of DM15.50 a share following a DM24m rise in profits last year, the company said yesterday, writes Frederick Stüdemann.

The company had profits of DM206m last year, and will present its proposal to lift the dividend to more than DM15 from DM14.22 to shareholders in May.

German lender takes over regional bank

Deutsche Genossenschafts-Hypothekenbank ,a German co-operative mortgage bank, is to take over the Schleswig-Holsteinische Landschaft, a bank based in northern Germany, writes Frederick Stüdemann.

The takeover makes the Hamburg-based DG Hyp one of Germany's largest private mortgage banks, with total assets of DM55bn.

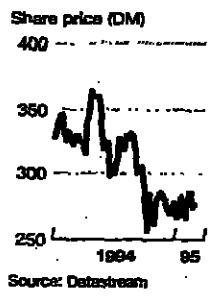
SHL, which is based in Kiel, had assets of DM11bn before the takeover. SHL, which has 100 employees, will continue to run its predominantly regional construction and municipal financing activities independently.

SHL will eventually take on DG Hyp's personal customer mortgage business in the state of Schleswig-Holstein. Commercial and agricultural mortgage activities will, however, continue to be split between DG Hyp and SHL.

The takeover was initially proposed by DG Hyp in June last year. To make the deal legally possible, SHL had to be converted from a public bank into a joint stock company.

Rheinmetall on course to break even this year

Rheinmetall



Source: Datastream

Rheinmetall, the German arms and engineering group, said yesterday it hoped to break even this year, helped mainly by strong recovery in Germany and better export prospects for its engineering business. The group is expected to announce a loss of about DM20m for 1994 – roughly half the 1993 deficit – when it reports final figures in May, writes Michael Lindemann in Bonn.

According to preliminary figures, new orders in 1994 climbed 20 per cent to DM3.5bn from DM2.9bn the year before. The arms division reported the strongest growth in orders with a surge of 74 per cent. It is the largest of the group's four divisions and an important supplier to the German armed forces, providing, among other things, technology for the Leopard tank.

Engineering orders rose 24 per cent to DM910m.

Turnover last year rose 3 per cent to DM3.2bn from DM3.1bn the year before. Pierburg, the automotive components manufacturer, posted the strongest growth in turnover, with sales rising 9.7 per cent to DM1bn. Exports represented 46 per cent of group sales, up from 40 per cent the year before.

In the next few weeks, the company hopes to sign a joint venture between Jagenberg, its paper technology business, and Beloit, the US group. The deal would create the world's second biggest paper technology manufacturer. The two companies are still discussing the size of the equity stakes they will take in each other.

Rheinmetall warned that it would continue to move produetion abroad, especially in light of the 3.8 per cent wage rise agreed this week for the engineering industry.

Recovery continues at Four Seasons Hotels

Four Seasons Hotels, the Toronto-based international hotel management group, continued its recovery in the final quarter of 1994, with strong gains in room rates and occupancy, especially in North America and the UK, writes Robert Gibbens in Montreal.

The yield at Four Seasons and Regent hotels, defined as occupancy multiplied by the realised room rate, rose about 20 per cent in both the fourth quarter and the full year.

Four Seasons' fourth-quarter net profit was C$658,000 (US$466,237), or 2 cents a share, after a C$6.8m charge for investment banking fees. Consolidated revenues were C$38.1m, up from C$29.2m. The fourth quarter of 1993 showed a loss of C$124.4m, or C$4.49, after restructuring charges.

For 1994, net profit was C$8m, or 29 cents, against a loss of C$119m, or C$4.30, in 1993. Revenues were C$128.5m compared with C$101m. Total 1994 revenues of all management hotels were up 21 per cent to C$487m in the fourth quarter, and up 25.6 per cent to C$1.7bn for the full year.

Lehman Bros sued over derivatives deal

By Maggie Urry in New York

A $128m counter-suit against Lehman Brothers was filed yesterday by China National Metals & Minerals Import and Export Corporation (Minmetals) alleging the US investment bank staff lured a young, inexperienced trader into unauthorised derivative deals which lost Minmetals millions of dollars.

The claim breaks down into $28m of losses and $100m of punitive damages.

Lehman dismissed the allegations as "absolute fiction". Lehman sued Minmetals last November for $53m it claimed it was owed after Minmetals lost money, mainly on foreign exchange transactions.

The legal battle follows other recent examples of entities – including Gibson Greetings, Procter & Gamble, and Orange County, California – losing money in derivatives and suing the banks they dealt with.

It also represents an unusually aggressive move by a Chinese company, and follows an "amicable settlement" last week of another dispute between Lehman and China International Trade and Investment Corporation (Citic) over losses made on the London Metals Exchange.

The Minmetals claim alleges Lehman enticed a trader to execute deals worth substantially more than the company's capital, without "even a perfunctory effort to determine whether Minmetals was credit-worthy for such a substantial line of credit". It alleges the trader was persuaded to get involved in exotic derivatives deals which he could not understand, and was told these were "risk-free".

Lehman said yesterday it had a letter of undertaking signed by senior people at Minmetals authorising the trading. The company had been successfully executing trades for years, Lehman said.

The notion that Minmetals had been lured into exotic derivatives transactions was also untrue, Lehman said. Of the $53m in losses which Lehman is claiming, $7m is alleged to have come from two interest rate swaps and the remainder from ordinary foreign exchange deals.

Minmetals claims that Lehman persuaded the trader to deal in currencies which were irrelevant to Minmetals' activities in international metals trading, such as the Yen, Spanish peseta, Swedish krona, Lira, Swiss franc and D-Mark.

Lehman said that it was not its responsibility to determine which currencies Minmetals should be dealing in.

Sharp fall at Uni Storebrand blamed on market volatility

By Karen Fossli in Oslo

Uni Storebrand, Norway's largest insurance group, yesterday disclosed a sharp reduction in 1994 full-year pre-tax profits, to NKr522m (84.46m) from NKr1.4bn in the previous year.

Uni blamed the decline on a fall in financial income as a result of turbulence on capital markets and strong fluctuations in interest rate levels. However, the result was better than the NKr385m average of analysts' forecasts.

Group net premium income rose to NKr14.41bn from NKr13.67bn, but financial income tumbled 46.1 per cent to NKr5.27bn.

The group also incurred costs of NKr117m associated with the demerger of its international reinsurance business, for which a secondary offering of 90 per cent of the shares is to be made.

Uni shareholders will be given preferential rights of subscription in April, once the scheme is approved by the finance ministry. The Oslo bourse has approved a listing for the unit, which cut 1994 losses to NKr344m from NKr357m in the previous year.

Group operating costs were reduced by NKr280m to NKr3.47bn. Uni proposes omitting the dividend for ordinary shares, after paying NKr0.20 in 1993. It cut the payout for preferential shares to NKr0.90 from NKr1.10.

The company blamed the "special" situation in the financial markets last year for a steep fall in operating profit for the life insurance business, of NKr3.49bn to NKr1.92bn, before allocations to customers. Following this, NKr459m was left as contributions to 1994 accounts and taxes, and to strengthen equity.

The unit suffered realised losses and write-downs of NKr130m on securities in 1994, against gains of NKr3.26bn in 1993. Aggregate premiums rose 26 per cent to NKr5.7bn, as market share rose 1.1 percentage points to 29.9 per cent.

Non-life business reported a fall in operating profits, to NKr712m from NKr1.16bn, as losses and write-downs on securities hit NKr181m against gains of NKr499m.

Premiums written for own account rose 10 per cent to NKr6.91bn.

DTB extends trading hours after hectic day

By Andrew Fisher in Frankfurt and Conner Middelmann in London

The German Futures and Options Exchange (DTB) said hectic and high volume dealings yesterday, as a result of a sharp drop in share prices in the underlying stock market, had led it to extend trading hours. However, it denied reports that some traders had failed to meet margin calls.

There had been rumours that S. G. Warburg was having difficulty meeting its margin obligations on DTB. However, the bank denied it was having any problems meeting obligations on the DTB in Frankfurt or on any other exchanges.

The DTB prolonged trading by an hour, after asking traders if they wanted the extension. It was not the first time high dealing volume had encouraged such a move, and DTB intends to extend trading hours from May 22.

It said all normal margin requirements had been fulfilled, and that no margin calls had been made. The stock market fell 1 per cent, or 23.57 points, to 2,001.64 yesterday (based on the DAX 30-share index) after earlier rising by some 15 points. Currency turmoil unsettled the market and cast doubt on the foreign earnings prospects of car and chemicals companies, among others.

Dealers said foreign investors had been tempted to sell shares and realise currency profits on the stronger D-Mark. Among the day's heavy losers were shares of Daimler-Benz, Volkswagen, BMW, Thyssen, Hoechst and MAN.

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LIBERTY LIFE ASSOCIATION OF AFRICA LIMITED

(Registration number 57/02788/06)
(Incorporated in the Republic of South Africa)

AUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 1994

A. Summarised Group income statement

	1994 UK£m*	1994 Rm	1993 Rm	% change
Net premium income and annuity considerations	2 071.0	11 473,3	10 649,5	
– Liberty Life	944.6	5 233,3	4 029,3	+29,9
– Sun Life Corporation	1 126.4	6 240,0	6 620,2	–5,7
Net income from investments	868.1	4 809,2	3 899,2	+23,3
Total income	2 939.1	16 282,5	14 548,7	+11,9
Underlying net taxed surplus (including equity accounted earnings)	137.5	761,8	638,8	
Net taxed surplus (excluding equity accounted earnings)	102.1	565,4	441,8	+28,0
Number of ordinary shares in issue (000's)	238 126	238 126	233 199	
Number of ordinary shares on which net taxed surplus per share is based (000's)	235 569	235 569	230 077	
	Pence	Cents	Cents	
Underlying net taxed surplus per ordinary share, including equity accounted earnings	58.4	323,3	277,6	
Net taxed surplus per ordinary share, excluding equity accounted earnings	43.3	240,0	192,0	+25,0
Dividends per ordinary share, cash equivalent				
– Interim (paid 7 October 1994)	17.3	96,0	80,0	+20,0
– Final (payable 7 April 1995)	19.5	108,0	84,0	+28,6
Total dividends	36.8	204,0	164,0	+24,4

B. Summarised Group balance sheet

	Note	1994 UK£m*	1994 Rm	1993 Rm
Interests of shareholders of Liberty Life		1 427.5	7 908,1	7 184,1
Interests of minority shareholders in subsidiaries		1 245.8	6 901,8	5 278,0
Total shareholders' capital and reserves employed		2 673.3	14 809,9	12 462,1
Bonds convertible into Group equity capital	2	364.3	2 018,6	–
Total capital resources		3 037.6	16 828,5	12 462,1
Other long-term liabilities		460.4	2 550,4	2 839,9
Life funds		14 131.3	78 287,4	69 200,2
– Actuarial liabilities under unmatured policies		12 837.8	71 121,2	60 697,9
– Investment surpluses, development, stabilisation and other reserves		1 293.5	7 166,2	8 502,3
– Attributable to Liberty Life		877.3	4 860,5	4 167,6
– Attributable to Sun Life Corporation		416.2	2 305,7	4 334,7
		17 629.3	97 666,3	84 502,2
Represented by				
Investments		17 209.7	95 342,2	83 530,1
Government, municipal and utility stocks		4 399.4	24 372,7	21 872,5
Debentures, mortgages and loans		265.1	1 468,9	1 445,8
Properties		2 606.8	14 441,9	12 005,4
Shares and mutual fund units		6 831.4	37 846,0	32 523,1
Interests in associated companies	3	2 109.6	11 687,3	11 223,4
Deposits and money market securities		642.5	3 559,3	2 681,3
Life business acquisition premium		354.9	1 966,1	1 778,6
Fixed assets		38.7	214,3	195,7
Cash resources		472.5	2 617,4	652,0
Other current assets		468.3	2 594,1	2 456,1
Total assets		18 189.2	100 768,0	86 833,9
Current liabilities		559.9	3 101,7	2 331,7
		17 629.3	97 666,3	84 502,2

*Converted at the Commercial Rand rate of exchange at 31 December 1994: UK£1 = R5,54.

C. Notes

1. *Proportionate Consolidation of Sun Life Corporation plc*

In accordance with the practice adopted in 1993 and as a result of the international accounting standard adopted by The South African Institute of Chartered Accountants regarding accounting for interests in joint ventures, and in view of the importance of The Liberty Life Group's 50% joint controlling interest in Sun Life Corporation plc, held through our United Kingdom subsidiary TransAtlantic Holdings PLC, the consolidated financial statements of Liberty Life for the 1994 financial year have again been prepared on a basis whereby our 50% interest in Sun Life has been proportionately consolidated. The effect of this method of accounting is to include in the consolidated financial statements of Liberty Life our 50% attributable share of Sun Life's assets, liabilities and income statement items which reflect our combined life insurance business both in South Africa through Liberty Life, and our economic interest in the United Kingdom life insurance industry through Sun Life.

2. *Bonds convertible into Group equity capital*

Convertible bonds comprise the funds raised in 1994 pursuant to the following capital raising transactions:

- The issue by TransAtlantic Holdings on 23 February 1994 of £250 million (R1,4 billion) 5¼% Subordinated Convertible Bonds convertible at 505p per share into 49.5 million ordinary shares in TransAtlantic Holdings. These Bonds are fixed for 15 years and mature on 30 April 2009.
- The issue by a wholly-owned subsidiary of Liberty Life on 21 July 1994 of $320 million (R1,1 billion) 6½% Convertible Bonds convertible at $23,04 (Commercial Rand equivalent R84,79) per share into 13,9 million ordinary shares in Liberty Life. These Bonds are fixed for 10 years and mature on 30 September 2004.

The convertible bonds are expected ultimately to be converted into ordinary shares of TransAtlantic Holdings and Liberty Life respectively, thereby increasing the total shareholders' capital and reserves of The Liberty Life Group which include minority shareholders' interests relating to TransAtlantic Holdings.

3. *Interests in associated companies*

	1994 UK £m*	Percentage held	1994 Rm	1993 Rm
44 555 834 ordinary shares in Standard Bank Investment Corporation Limited	941.7	37,3%	5 217,0	4 688,7
Direct and indirect interest in The South African Breweries Limited	948.7		5 255,9	4 999,7
25 636 258 ordinary shares in Beverage & Consumer Industry Holdings Limited	586.5	35,5%	3 249,4	2 952,7
14 178 277 ordinary shares in The South African Breweries Limited	246.3	5,1%	1 364,7	1 431,2
6 668 029 convertible preference shares in The South African Breweries Limited	115.9	18,5%	641,8	615,8
233 537 170 ordinary shares in The Premier Group Limited	219.2	28,2%	1 214,4	1 535,0
	2 109.6		11 687,3	11 223,4

4. *Group Chairman's statement*

Further details of the activities of Liberty Life and its subsidiaries are contained in the Liberty Life Group Chairman's statement for 1994 which is being issued simultaneously with this announcement.

5. *Capitalisation share award and right of election to receive a final cash dividend of 108 cents per share*

As previously announced in February 1995 the directors have awarded capitalisation shares to ordinary shareholders of Liberty Life who were registered in the books of the company at the close of business on Friday, 24 February 1995 in the ratio of 1,33 new fully paid ordinary shares of 10 cents each in Liberty Life for every 100 ordinary shares held ("the capitalisation shares"). Shareholders are entitled, and will be given the opportunity, to decline the award of capitalisation shares in respect of all or any part of their shareholding and instead may elect to receive a final cash equivalent dividend in respect of the year ended 31 December 1994 of 108 cents per ordinary share ("the election"). Documentation dealing with the capitalisation share award and a final cash dividend election was posted to shareholders on Thursday, 2 March 1995. In order to be valid, completed election forms will need to be received by the company's transfer secretaries by no later than Friday 24 March 1995.

On behalf of the board

D Gordon *(Chairman)*
A Romanis *(Managing director)*

Johannesburg
8 March 1995

South African transfer secretaries
Mercantile Registrars Limited
6th Floor, 94 President Street
Johannesburg, 2001
PO Box 1053
Johannesburg, 2000

United Kingdom transfer secretaries
Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

INTERNATIONAL COMPANIES AND FINANCE

Woolworth jobs go in savings drive

By Richard Tomkins in New York

Woolworth, the US retailing group, is to cut 2,000 jobs from its worldwide workforce of 111,000 as part of a drive to save $100m a year in costs.

The announcement, by Mr Roger Farah, newly-appointed chairman and chief executive, came as Woolworth produced fourth-quarter results which indicated it was recovering from its recent financial troubles. It reported net profits of $90m for the period to January, compared with net losses of $111m last time.

Mr Farah, a highly regarded retailer who came to Woolworth from R. H. Macy in December, said the company planned to build on this improvement through a global cost-reduction programme designed to produce annual pre-tax savings of $100m after severance costs.

He said this programme, together with the sale of small, under-performing units and surplus real estate, would improve cashflow this year. He hinted that more radical action could follow. "We see these activities as the initial steps towards improving the company's profitability while we evaluate the strengths of our world-wide operations."

Last year's fourth-quarter losses included a $168m pre-tax provision for the disposal of the company's Woolco chain in Canada. Excluding this charge, Woolworth's specialty retailing division lifted operating profits to $143m from $51m, and its general merchandise division turned a $54m loss into an operating profit of $22m.

Revenues fell to $1.7bn from $2.1bn, largely because the comparable period's figure included the discontinued Woolco operations. Earnings per share were 69 cents compared with a loss per share of 84 cents. For the full year, Woolworth had net income of $47m. Last year it incurred net losses of $495m after pre-tax charges of $726m.

Steelmaker's sell-off finds favour

Taiwan's privatisation of China Steel – the island's biggest share offering to date – has been heavily oversubscribed, writes Laura Tyson

The privatisation of China Steel, Taiwan's leading steelmaker, has been heavily oversubscribed in the island's biggest share offering, the underwriter said.

According to preliminary tallies, investors have applied for at least five times as many shares as are available, Core Pacific Securities said. The subscription period closed on Tuesday.

Taiwan's ministry of economic affairs will cut its stake in the listed blue-chip concern to 47.9 per cent from 67.8 per cent, making Taiwan's only integrated steel mill the fourth state-run enterprise to be turned over to private hands.

In Taiwan, a company is legally "private" if government holdings fall below 50 per cent.

Securities analysts are positive about the prospects for the steelmaker, which now ranks 18th in the world in terms of capacity. "China Steel's fundamentals are incredibly strong and will be for some time to come," said Mr John Nelson, head of research at Jardine Fleming Taiwan Securities. "The offer price is a bargain, especially when viewed from a medium to long-term perspective."

A total of 1.443bn shares – nearly one-fifth of the company's outstanding stock – is being sold. Of these, 443m are reserved for company employees, 280m are earmarked for retail investors through lottery, and the remaining 720m will be placed with institutional and large-lot individual investors through an application system granting priority to individuals.

Foreign institutional investors were allowed to apply for shares through government-approved investment facilities, but domestic investors were given precedence.

At an offer price of T$21.40 a share, the share sale amounts to T$30.9bn (US$1.2bn), the sixth and largest tranche of shares in the company sold to date.

Analysts believe that in spite of the size of the offering, the impact on the stock market will not be significant because daily turnover on the stock exchange is relatively high, usually ranging between T$40bn and T$100bn.

The two most recent tranche sales were regarded as unsuccessful because of poor market conditions which sent the market price plummeting to the offer price, quashing investor interest.

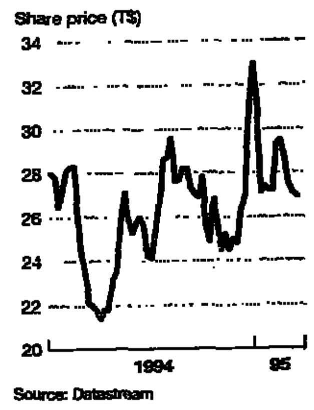
The Securities and Exchange Commission halted the planned sale in early January amid public outcry that Taiwan's privatisation programme amounted to the transfer of national assets into the hands of large business groups. The economics ministry's commission of national corporations, in charge of selling off government holdings in state-run companies, sent a revised plan to the SEC which was approved in mid-February.

Last month, Taiwan's ruling Kuomintang party defended itself amid growing controversy over its alleged role in the government's privatisation programme.

Mr Liu Tai-ying, chairman of the KMT's business management committee, which oversees the party's extensive business interests, dismissed as "nonsense" charges that the party had "hooked up" with the Core Pacific group, a Taiwanese conglomerate, to engineer takeovers of state companies being privatised.

China Steel

Share price (T$)



Source: Datastream

Opposition parliamentary legislators had called on the economics ministry to ban Core Pacific's brokerage arm from underwriting the sale of China Steel shares. They had alleged that the local brokerage's parent was acting as a front for the ruling party. Core Pacific Securities won the deal in an open bid last year.

The economics ministry revised the underwriting procedures to prevent Core Pacific from taking advantage of its position to place shares with its affiliated companies, as it had done previously. It also extracted a written guarantee from the broker's owners that they would not interfere in China Steel's management. Institutional and large individual investors will not be permitted to sell the shares for one year.

Mr Dennis Chang, an analyst in the investment department of Cathay Life, the island's biggest insurance company, believes that China Steel serves as a proxy for Taiwan's economy. The company has a monopoly on the upstream steel market and no domestic competition is in sight until 2000, when Yieh Loong Steel is scheduled to finish an integrated steelmaking facility. Although 80 per cent of China Steel's production is sold domestically, many buyers process for export to south-east Asia and especially mainland China.

Taiwan's economic growth remains strong and is expected to top 6 per cent this year. Although the construction industry is riding out a prolonged slump, public infrastructure projects are spurring steel demand. Steel products are in short supply in the domestic market, fuelling price rises, and the industry is on the upswing worldwide, analysts say. Rebuilding following the devastating earthquake in Kobe, Japan, is expected to lift demand and prices.

Founded in the mid-1970s, China Steel is in the midst of expanding capacity by 40 per cent to 8m tonnes, after which it will rank among the top 15 steelmakers in the world.

From July to December 1994, the company posted pre-tax profits of T$6.98bn on sales of T$36.4bn, against T$6.22bn on sales of T$32.18 during the same period a year earlier.

According to estimates by Jardine Fleming, the stock is trading on a prospective price-earnings ratio of 12, far below the 25-30 ratio at which the entire stock market trades.

Short-term profit-taking is expected to emerge immediately after investors receive delivery of shares as small investors, who will take up about half of the offering, sell out quickly. But over the long term, the stock is underpriced and could hit T$40 a share, according to Jardine Fleming.

Quaker Oats to take charge

By Richard Tomkins

Quaker Oats, the US breakfast cereal and drinks group, said it expected to take a charge of between $75m and $90m in the fourth quarter to June because of costs arising from the recently-agreed sale of its pet food businesses.

It also announced the resignation of chief financial officer Mr Terry Westbrook, who had left "to make a career change". He is replaced by Mr Robert Thomason, former head of Quaker's international food division.

Last month, Quaker agreed to sell its European pet food business to Dalgety of the UK for $700m, and its North American pet food business to H. J. Heinz of the US for $725m.

Yesterday, it said the combined pet food businesses represented about 20 per cent of total group revenues, "and we have to reduce our overheads to what will be a smaller Quaker Oats company".

This would mean the consolidation of distribution and administrative functions, and as yet unquantified job cuts.

The resulting charge would be equivalent to between 35 cents and 40 cents a share.

In last year's fourth quarter, Quaker Oats reported earnings of 34 cents a share after a pre-tax restructuring charge of $108.6m.

Moody's cuts Glaxo's long-term debt rating

Moody's Investors Service, the US credit rating agency, has cut the rating of Glaxo, the UK pharmaceuticals company, following rival Wellcome's recommendation of the company's takeover approach, writes Richard Waters in New York.

Moody's said it had cut Glaxo's long-term debt rating by four notches from triple A, the highest available, to single A1.

The agency said the move was prompted by the high level of debt Glaxo will have to take on to complete the acquisition.

While pointing to the benefits of scale and a broader product range stemming from the deal, Moody's warned that it would "materially weaken Glaxo's financial condition. The substantial incremental debt will significantly increase leverage and reduce fixed-charge coverages."

MetLife posts $160m at operating level

Metropolitan Life, the large US insurance group, reported operating earnings of $160m for 1994, and a $203m increase in its capital base to $8.3bn. As a mutual insurer, MetLife is not required to publish full after-tax results, writes Richard Waters in New York.

Mr Harry Kamen, chairman and chief executive, said the results had been affected in part by costs of compensating clients and strengthening its compliance procedures following complaints about its sales practices. In spite of this, and a "substantial decline in our portfolio rates of interest", the company had managed to strengthen its financial position, increase dividends to policyholders and address the problems associated with its sales practices, he added.

Total revenues fell by $800m to $39.3bn from a year ago.

News Corp and Telstra in pay-TV deal

By Bruce Jacques in Sydney

News Corporation, the Australian media group, has teamed with Telstra, the Australian communications company, to make a long-heralded entry into pay television through a deal with the existing domestic pay operator, Australis Media.

News and Telstra will each subscribe for 25.5m shares in Australis at A$1.40 each, with an option to acquire a further 25.5m shares each at the same price within 27 months.

If fully exercised, the companies would both hold just over 8 per cent of Australis.

News and Telstra will jointly establish a pay TV venture called Foxtel, using cable and digital technology.

Australis will be offered an equity stake of up to 20 per cent in the operation, and the existing Australis pay services will be supplied to the new network.

At the core of the new venture is a A$3.9bn (US$2.8bn) project by Telstra to connect cable to more than 4m Australian households by 1999.

The Foxtel service is scheduled to begin broadcasting in the second half of 1995.

INTERNATIONAL COMPANIES AND FINANCE

Anglo American industrial arm lifts profits 64%

By Mark Suzman in Johannesburg

Anglo American Industrial Corporation (Amic) yesterday reported a 64 per cent increase in attributable earnings to R715m ($188m) for the year to end December, from R435m a year ago.

That translates into a 50 per cent rise in earnings per share to 1,108 cents from 737 cents previously, due to a larger number of shares in issue. A final dividend of 318 cents a share was declared, bringing the total dividend for the year to 450 cents, up 20 per cent from 375 cents a year ago.

Amic is the industrial arm of South Africa's Anglo American. Its interests range from chemicals to mining equipment, stainless steel and consumer goods.

Mr Leslie Boyd, chairman, said the results reflected healthy growth across all divisions, particularly in the latter part of the year, and that the group was now operating at close to full capacity.

"Having endured years of political and economic adversity, South Africa's industry is at last enjoying a period of improved political and social stability, a burgeoning recovery in the domestic market and buoyant conditions in world trade," he said.

Group turnover rose to R16.94bn from R8.79bn, mainly reflecting the consolidation of chemicals company AECI, which became a 52.6 per cent held subsidiary last year. The first-time inclusion of AECI also meant that net finance charges increased sharply to R164m from R42m. The group's debt-equity ratio came to 23 per cent, up from 17 per cent previously.

Pulp and paper producer Mondi increased operating profit 198 per cent to R293m from R98m on the back of a 21 per cent increase in turnover to R3.1bn, making it the single biggest contributor to group earnings.

The Scaw metals group was the next largest contributor, with a 20 per cent rise in its attributable earnings to R121.4 from R101.1m. AECI reported a 40 per cent rise in attributable earnings to R287m from R206m.

Mr Boyd said the group was involved in new capital projects in South Africa worth more than R7bn, including AECI's Polifin joint venture with Sasol and the Columbus Stainless Steel project. The group spent R1.34bn in capital expenditure last year.

Borealis produces bright results on first birthday

Sharp growth in demand has boosted the Norwegian-Finnish polyolefins group, writes Karen Fossli

The northern lights shined last week on Borealis, the jointly-owned Norwegian-Finnish polyolefins group which is based in Copenhagen. It was celebrating its birthday with strong results from its first year of operations.

Its owners – Statoil, the Norwegian state-owned oil and gas company, and Neste, the Finnish state oil and chemicals group – are likely to receive a dividend of DKr207m ($37m), equivalent to 50 per cent of net profits.

Created out of a merger in 1993 from the petrochemical businesses of Statoil and Neste, Borealis has annual production of more than 2m tonnes of polyethylene and polypropylene in Europe and the US.

When the merger was announced, the European petrochemicals industry was suffering from substantial overcapacity, weak demand due to recession, and rising imports of polyolefins as exports slumped. Tough competition contributed to low profitability, cost-cutting, reductions in investments and restructuring.

The leading producers' market share, and their ability to invest in technology, had also undermined the competitive position of smaller producers.

Although there was a recovery last year, there is growing concern that the industry may be heading towards another slump towards the end of the decade if current plans for increasing capacity are realised.

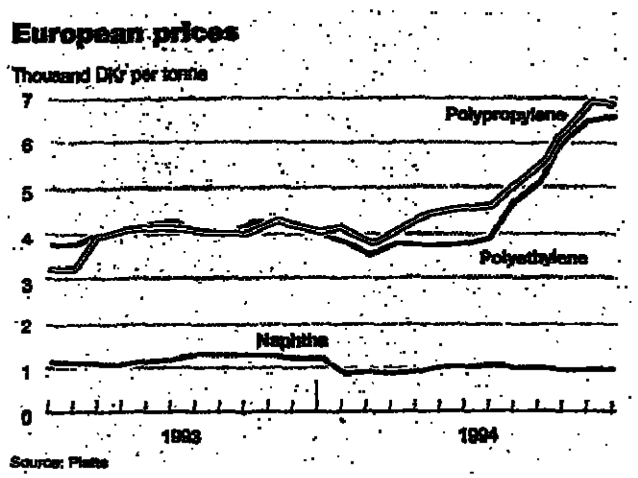
Before the merger, Statoil and Neste were keen rivals. The link-up was the largest industrial merger between Nordic companies and created Europe's only sole producer of polyolefins, an important component in plastics production used in goods ranging from food packaging to cars, household goods, pipes and cables.

Statoil brought to Borealis access to ethane feedstock from its Norwegian North Sea operations and a strong financial backbone, while Neste contributed polyolefins technology, specialty production and a well-established market position.

According to Mr Juha Rantanen, 43, the Borealis' chief executive who was a motivating force for the merger, the logic for the deal was obvious. "The big surprise for us has been the many additional benefits resulting from the merger," he says.

A vigorous plan to break down cultural barriers between Statoil and Neste was started after the merger.

"Soon after the merger, Borealis left Statoil and Neste behind and established its own corporate values. It took less than one year for our staff to take on the Borealis identity but there are sub-cultures in some of our operations which we are still seeking to merge," Mr Rantanen says.



However, from a global point of view, he does not believe that Borealis is as competitive as it could be. Steps to remedy that weakness will be taken over the next few years.

Borealis is Europe's largest producer of polyolefins, and the fifth largest in the world. Last year it made an operating profit of DKr1.9bn compared with a budgeted loss of DKr200m, and a pro-forma Statoil/Neste operating loss of DKr600m in 1993.

The strong result was largely due to sharp growth in European and global demand, which pushed prices to their highest levels in years as feedstock (naphtha) prices remained stable.

Prices for polypropylene, for example, jumped during 1994 from DKr4,000 a tonne to more than DKr7,000 a tonne.

Demand for polyethylene in 1994 rose 10 per cent and by 15 per cent for polypropylene, representing a sharp increase compared with previous cyclical upturns and double that of the growth in production.

Mr Rantanen says that economic growth in Europe spurred a significant inventory build-up which accounted for around 3 to 4 percentage points of last year's overall growth in demand.

Another factor behind the advance was a change in global trading patterns, which cleared the way for Europe to become a net exporter of polyolefins to Asia after being a net importer for many years.

Capacity utilisation was also at its strongest level in years, growing at Borealis from 85 per cent in 1993 to 95 per cent in 1994, with strong operational performance across all plants. Production of olefins and polyolefins rose steadily throughout the year, as output and capacity utilisation reached record levels at the group's five main European sites.

Mr Rantanen foresees strong demand over the next two or three years as European economies continue to grow, but he warns of a downturn late in the decade and potential overcapacity should all plans for new production be realised.

"There are alarming signs, especially for polypropylene, that new capacity of around 1m tonnes will come on stream around 1997, coinciding with a cyclical economic downturn and compared with a market of around 5m tonnes.

"It seems the industry has not learned from past lessons," he says.

Mr Rantanen foresees long-term growth in demand of between 7 per cent to 8 per cent for polypropylene. However, he warns that just five of Europe's main 13 producers could destroy the market if each one realises projects to bring annual capacity of 200,000 tonnes a year on stream.

For its part, Borealis is likely to reduce capacity of a low density 200,000 tonnes a year polyethylene plastic plant in Poorvo, Finland, when it brings a new plant there into production in November. The high-density facility will have annual production capacity of 120,000 tonnes of specialised high-value products.

The group is also studying the feasibility of converting a high-density 120,000 tonnes annual capacity polyethylene plant in Belgium into a polypropylene plant with annual capacity of 150,000 tonnes. A decision is expected by the end of this month.

The project would be the first conversion of this type and be based on Borealis technology. Mr Rantanen believes the conversion is technically possible, but a decision rests wholly on market considerations.

"By 1997 Borealis will become the company it has the potential to be – the ultimate Borealis – and we will look for opportunities to expand in and out of Europe while remaining a polyolefins company.

"We like to be focused and think its a strength rather than a weakness. There's still a lot to be done with our polyolefins business to bring some depth and character to the Borealis name," says Mr Rantanen.

Hongkong Electric beats expectations

By Simon Holberton in Hong Kong

Hongkong Electric Holdings, which owns the monopoly supplier of electricity to Victoria island, yesterday exceeded analysts' expectations when it reported a 13.6 per cent rise in net profit to HK$3.84bn (US$2.8m) from HK$3.38bn in the year to end-December 1994.

Profit was struck on a 12 per cent increase in group turnover to HK$6.67bn from HK$5.94bn. Profits set aside under the terms of the company's "scheme of control" rose to HK$314m from an abnormally low HK$4m in 1993.

Earnings per share rose 13.7 per cent to HK$1.90. A final dividend of 63 cents was declared which, with the interim payout of 37 cents, makes HK$1 for the year – an 11 per cent rise on 1993.

The main source of profits for Hongkong Electric, in which Mr Li Ka-shing has a controlling 34.6 per cent interest, came from power generation and transmission.

Mr George Magnus, chairman, said the electricity company recorded a 15.3 per cent growth in attributable profits to HK$3.16bn. Sales of electricity rose 6.5 per cent in 1994 and were in line with the company's long-term sales forecast of growth in demand of between 5 per cent and 7 per cent a year.

He said the company successfully completed in 1994 the HK$15bn capital expenditure programme begun in 1990. The current year marked the beginning of another five-year capital spending cycle which would absorb HK$21bn.

Funds will be allocated to the expansion of electricity generation capacity, the upgrading and extension of the company's coal handling facilities, and environmental works.

An important addition to profits came from property development, which appears to have contributed nearly HK$700m in net earnings. The final seven blocks of a big development, South Horizons, are due for completion this year.

Placer Dome in drive for new ventures

By Bernard Simon in Toronto

Placer Dome, the Vancouver-based gold producer, has launched an ambitious drive for acquisitions and new projects in a bid to reverse stagnant output from its operations.

Mr John Willson, chief executive, said at the start of an international roadshow yesterday that Placer had about US$900m worth of construction work under way. This would double if plans for new mines and expansion of existing properties come to fruition in Venezuela, Mexico, the US and Canada.

John Willson: sees gold output climbing to 1.9m oz this year

Placer's share of gold output from the 16 existing mines in which it has an interest dropped to 1.72m oz last year from 1.83m oz in 1993 and 1.95m oz in 1992. Copper production slid to 40.4m lb from 77.4m lb in 1992. Silver production more than halved.

However, Mr Willson estimated that gold output would climb to 1.9m oz this year and to 2.5m oz by the end of the decade, excluding possible acquisitions.

The company is seeking a stake in projects at an advanced stage of exploration whose owners either require additional financing or, in Placer's opinion, have misjudged the quality of the deposit.

Placer aims to start construction by October of the 70 per cent-owned Las Cristinas gold and copper mine in Venezuela. Mr Willson said the economics of the project appeared to have improved with the recent discovery of high-grade gold deposits in the Cordova/Achilles zone.

Issues still to be resolved with the Venezuelan authorities include offshore gold sales, land tenure and approval to mine copper, from which much of Las Cristinas' gold would be extracted. Mr Willson said: "We've received very strong assurances that we've get all these things."

Placer will decide later this year on the development of its 68 per cent-owned Musselwhite project in Ontario, whose gold reserves are estimated at 2.2m oz. A full feasibility study may be started within the next year on the 70 per cent-owned Mulatos deposit in Mexico.

Citic chief expected to quit

The board chairman of China's overseas flagship China International Trust and Investment Corp, Mr Wei Mingyi, is expected to step down at a weekend board meeting and be replaced by the president, Mr Wang Jun, according to western business sources close to the company, Reuter reports from Beijing.

The move is apparently linked to significant losses run up in unauthorised trading in base metals futures by Citic's Shanghai operation.

Mr Wei has been board chairman since 1993.

Plant closures and fall in R&D spending behind 33% advance

Rolls-Royce ahead to £101m

By Michael Skapinker, Aerospace Correspondent

Plant closures and a fall in research and development spending helped Rolls-Royce raise 1994 pre-tax profits by 33 per cent, from £76m to £101m – at the top end of market expectations.

The aerospace and industrial power group's sales slipped from £3.52bn to £3.16bn, reflecting a decline in military engine deliveries and reduced levels of business in the industrial power sector.

Sir Ralph Robins, chairman, said market conditions remained depressed in both aerospace and industrial power. However, sales in military aerospace are expected to recover this year and in 1996.

The successful development of the group's Trent engines allowed net R&D expenditure to be reduced to £218m last year, from £253m in 1993. A further reduction is expected this year.

The restructuring programme has resulted in a reduction in the workforce to 41,000. This is 10 per cent lower than a year ago and more than 20 per cent down since the programme was announced in 1993.

Sir Ralph said there would be no further closures beyond the seven sites already shut. The group would, however, continue to reduce costs and increase efficiency. He said that two thirds of parts manufactured by the group were now made in a different place to five years ago.

The recommended final dividend is again 3p, maintaining the total at 5p. Earnings per share were 6.62p (5.95p).

Sir Ralph said the group expected US regulatory approval this month or next for its proposed $525m (£320m) acquisition of Allison Engine Company. The purchase would be funded by equity, but the group had yet to decide whether this should be through a rights issue or a placing.

Trevor Humphries

Terence Harrison (left), chief executive, with Sir Ralph Robins: recovery seen in military aerospace sales this year and 1996

● COMMENT

Rolls-Royce's cost-cutting and the end of most of the research expenditure on the Trent engine leave it well placed to benefit from an upturn in the civil aviation market. The difficulty is that no one can be certain when that upturn will begin or how vigorous it will be. Boeing, the largest civil aircraft manufacturer, is still shedding staff relentlessly. The fear is that aircraft orders will surge shortly before the next downturn in the world economy, and any revival in orders will be short-lived. Forecast pre-tax profits for the current year of £135m and earnings per share of 9.5p leave the shares on a prospective multiple of 16. While that makes them look expensive on a one-year view, the aerospace and power businesses require a longer-term outlook. Engine developments in the next few years will be variations on the technically successful Trent programme, which means that the group can compete without a large increase in R&D. For the present, it has probably done all that it can. The future depends on the outlook for the industry as a whole. If it thrives, Rolls-Royce is well placed.

Publishers withhold books in row with Thorn

By Raymond Snoddy

Britain's main publishers are withholding supplies of books from Dillons because of a row over compensation payments with Thorn EMI, new owner of the chain.

Thorn, which last week bought most of the assets of Dillons from Pentos' receivers in a £36m deal, has paid in full small publishers owed less than £10,000. It has, however, offered large publishers only 50p in the pound.

The publishers made it clear at a meeting with Thorn on Tuesday night that they wanted to be paid in full for stock now held in Dillons bookshops, which they estimate is worth £30m.

The Publishers Association this week advised members to stop deliveries to Dillons, pending clarification of the situation.

Most publishers believe the unsold stock in Dillons still belongs to them, either because of "retention of title" clauses in their contracts or because the books were supplied on a sale-or-return basis.

The association is encouraging them to tell Thorn that their books should be identified and kept apart from the rest of Dillons' stock. And they are reserving the right to take legal action if Thorn does not agree.

However, one publisher, Hodder Headline, has broken ranks and decided to accept Thorn's offer as a reasonable compromise. Hodder Headline and some of its clients will, as a result, receive about £1m from Thorn.

Mr Tim Hely Hutchinson, Hodder's chief executive, said the arrival of Thorn in the bookselling business was very good news. He found it distasteful that publishers had responded "with a slap in the face".

Thorn said that the stock position and exactly who owned what was very complicated. "We thought 50p was a sensible commercial offer. It was not well received."

Thorn confirmed that it was not receiving stocks of books from major publishers but hoped that an agreement could be reached soon. "We need them and they need us," the company said.

GKN rises to £200m and wins government order

By Tim Burt

Shares in GKN rose 14p to 579p yesterday after the motor components, industrial services and defence equipment company won a crucial helicopter order and announced a doubling of profits.

Sir David Lees, chairman, hailed the UK government order for 22 EH101 helicopters as a "tremendous boost" for the group, which reported a sharp increase in 1994 pre-tax profits from £97.5m to £200.3m on turnover of £3.09bn (£2.64bn).

He also announced an increased dividend for the first time in more than five years, lifting the final pay-out to 13.5p – for a total of 21.5p (20.5p).

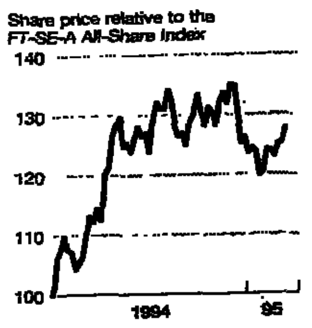
"We have doubled pre-tax profits and doubled earnings per share. That's restored dividend cover and made an increase possible," he added.

Improved profits from GKN's three core divisions – including Westland, acquired for £444m last year – helped lift earnings per share from 14.3p to 28.3p, or 37.4p before exceptionals.

Of those divisions, the automotive and engineered products businesses enjoyed the sharpest improvement as rising demand from motor manufacturers pushed profits up from £76m to £122m.

GKN

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

Cost-cutting and increased productivity enabled the division to overcome raw material price increases averaging 15 per cent, although it warned customers that prices would have to rise by about 3 per cent this year.

Its performance, however, was hampered slightly by slowing armoured vehicle sales ahead of initial deliveries on a large Kuwaiti order.

Advance payments for such vehicles fuelled a sharp turnround in net cash, which totalled £316m at the year end against net debt of £16m.

The group was left with a relatively modest £11m of cash after stripping out those payments, but Sir David said: "To be cash positive at all is a major achievement."

He pledged to use some of the cash to expand the Chep pallet business, which underpinned profits of £42m (£31m) in the industrial services and distribution division.

A 15-month contribution from Westland lifted operating profits by a further £19m, helping the group total rise to £183m (£107m).

Those profits were dented by £22.2m of exceptional items, dominated by a £59.6m provision for losses on the sale of the group's stake in UES – its steel joint venture. That was offset by compensation payments of £50.9m from the Arab Organisation for Industrialisation over cancelled helicopter orders.

Nevertheless, an increase in UK taxable profits enabled the group to cuts its tax rate from 38.7 per cent to 35.8 per cent.

A further 1 percentage point fall this year, coupled with organic growth in GKN's core divisions, is expected to lift 1995 profits to about £270m.

See Lex

Northumbrian Water to appeal to Panel over Lyonnaise move

By Peggy Hollinger

Northumbrian Water is to appeal to the Takeover Panel over the decision by Lyonnaise des Eaux of France to declare its interest in making a bid and launch a regulatory process, which could overshadow the shares and the company for some six months.

The UK utility said yesterday it would be calling for the Panel to press for clarification of the offer from Lyonnaise, which has said it would not table a price until the regulatory review process is complete.

In the UK a bid for a water company is automatically referred to the Monopolies and Mergers Commission. However, as this is a potential bid from a foreign company, issues of competition will be examined by the European Commission.

Northumbrian told shareholders in a letter yesterday it did not expect the regulatory process to end until August. "The board believes the consequences of this timetable are unacceptable," the company said.

Lyonnaise said yesterday the issue of price was irrelevant as any bid would lapse on referral to the MMC. It also said it had discussed its plans to declare its interest without naming a price with the Takeover Panel before acting.

Share shops consider action over power generators prospectus

By Peggy Hollinger

Share shops around the country were yesterday considering suing the government over the prospectus for the £4bn power generators offer as the 1m private investors who subscribed to the sale saw their shares fall to below the sale price.

Mr John Cobb, chairman of the Association of Private Client Investment Managers and Stockbrokers, said yesterday share shops were considering legal action, after it emerged the government knew before the offer closed that the regulator was considering imposing tougher price limits on the regional electricity companies. This information had not been included in the prospectus.

The regulator's comments on Tuesday threw the electricity markets into turmoil and hit the newly issued generator shares within 24 hours of their market debut. Private investors, who subscribed for shares in National Power at 170p and in PowerGen at 185p, were last night sitting on paper losses of £11.60 on the minimum investment of £352.

"How could they have possibly concluded that Professor Littlechild's (the electricity regulator) statement was not a relevant fact?" asked Mr Cobb. "By going ahead on Friday, they were allowing an issue to go ahead on what, with the information we have to date, appears to have been a false prospectus."

Christies changes charging policy as profits remain flat

By Antony Thorncroft and Peter Pearse

Christies International, the auction house, is replacing its existing flat commission rate policy with a sliding scale of charges for sellers.

Mr Christopher Davidge, chief executive, said the competitiveness with Sotheby's, its rival auctioneer, had descended far enough and was not appropriate to what were now global businesses. Indeed, big vendors in recent years had taken advantage of the auctioneers' fierce competition to negotiate their charges to practically nothing.

The new practice will be "unambiguous and not under-the-counter", Mr Davidge said. He acknowledged the change might give Sotheby's "a financial edge, though we believe Christie's, with its level of expertise, will have a client edge".

In recent years Christie's has increased its share of the auction market at the expense of Sotheby's, and in the 1994-95 season should draw almost level in terms of turnover.

From the new season, starting in September, Christie's is reducing its charge to sellers of properties worth £3m or more from 10 per cent of the hammer price to 2 per cent; for goods worth more than £1.5m, to 4 per cent; and then a rising scale with the current 10 per cent remaining in force for assignments which sell for less than £60,000.

If Christie's succeeds in making the new scale of charges stick, its profits in the 1995-96 season – other things being equal – could rise by between £8m and £15m.

Much will depend on whether Sotheby's, which is currently making minimal profits, will take a similar firm line when owners of multi-million dollar estates offer their collections for auction.

Christie's pre-tax profits in 1994 fell to £16.4m (£18.9m), though 1993's figures were flattered by a £2.65m exceptional profit from a London property sale. Operating profits rose £205,000 to £13.4m on turnover up at £167.9m (£146.8m).

Auction sales advanced 13 per cent in sterling terms to £820m, with middle and lower price ranges performing well. In local currency terms sales in the UK and the US rose 15 per cent and in Hong Kong 65 per cent. Mr Davidge said all categories showed growth, though there had been a lack of high quality in Old Masters, silverware and vintage cars.

He said that 1994 marketing expenditure had risen 40 per cent over 1993.

A final dividend of 1.6p makes a total of 2.1p (2p), payable from earnings down at 5.91p (6.82p).

Franchisees offer to buy Ryman chain

By Patrick Harverson

A group representing franchisees who operates 21 of the 114 stores in the Ryman stationery chain have offered to buy the company from the receivers of parent group Pentos, the insolvent retailer.

The franchisees are believed to have submitted a bid well below the £15m Pentos was seeking when it put Ryman up for sale earlier this year.

The group, however, faces opposition from others interested in buing Ryman. KPMG, Pentos's receivers, said yesterday it had received six serious offers for Ryman, and was expecting three more to be made before the deadline for submitting bids expires today.

Although all of the remaining bidders are from the UK, at least one foreign group, the Swiss-owned stationery retailer Office World, expressed an interest in buying some of the stores. It backed out when KPMG said it wanted to sell Ryman whole.

Ryman entered receivership with Pentos on February 28, with liabilities of £13m.

Pentland lifted by fashion demand

By Christopher Price

Strong demand for sports fashion clothes last year helped Pentland, the branded goods company, to a 76 per cent rise in pre-tax profits, from £21.6m to £38.1m.

The group, which holds the rights to the Speedo swimwear brand in Europe, Australasia and more recently the US, lifted turnover by 31 per cent to £616.6m (£469.7m). This included a £15.9m contribution from Reusch, a German sports clothing group, which also added £3.1m to operating profits.

Mr Frank Farrant, finance director, said that sales from Speedo, which has about 10 per cent of the world swimwear market and is Pentland's biggest profit centre, rose 20 per cent.

Kickers, the shoe brand, also had a good year, with further advances predicted following the recent securing of the US rights. There was also a first full-year contribution from Berghaus, the outdoor clothing company.

Total turnover in the group's footwear, clothing and sports division advanced 59 per cent to £286.2m (£179.7m) with operating profits up four-fold at £14.5m (£3.7m).

Consumer products, which includes the group's Home electrical goods group in the US and the Woods Wire electrical cables concern, increased profits by 42 per cent to £9.1m (£6.4m) on turnover 41 per cent ahead at £202.9m (£143.5m).

Trading at Pentland's sourcing company was stagnant at £143.4m (£146.5m), although profits rose 16 per cent to £2.2m (£1.9m).

Mr Farrant said that the company had no plans to address one criticism from analysts, namely to make the stock more liquid. About 55 per cent of the shares are held by family interest of Mr Stephen Rubin, the chairman.

The shares rose 2p to 105p yesterday.

Analysts were pushing their profit forecasts up by about 5 per cent to £40m-£45m for the current year.

Pillar pays £25m for office block

By Simon London

Pillar, the property investment and development company headed by Mr Patrick Vaughan and Mr Raymond Mould, has paid £25.1m for an office and retail block in Birmingham.

The company is buying the 250,000 sq ft building at Five-ways, Edgbaston, from MEPC, the UK's second largest property company, which developed the site in the 1970s.

The building generates rental income of about £2.4m a year, suggesting a yield at the purchase price of 9.5 per cent. Tenants include the Department of the Environment, William Mercer, the consulting actuaries, and Tesco, which operates a 92,000 sq ft supermarket on the site.

Mr Valentine Berisford, acquisitions manager at Pillar, said most of the tenants were on long leases at rents which left open the possibility of rental growth over the next few years. The company intended to hold the property as an investment.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Arjo Wiggins	Yr to Dec 31	2,915	(2,727)	217.1♠	(122.1♠)	17.9	(7.5)	4.6	May 26	3.85	7.25	6.5
Aviva Petroleum ☆	Yr to Dec 31	8.55	(10.68)	2.48L■	(2.63L■)	0.08L	(0.11L)	-	-	-	-	-
BTR	Yr to Dec 31	9,444	(9,772)	1,412♥	(1,274♥)	24.5	(23.8)	7	Jun 2	7.3	13.5	12.25
Christies Intl	Yr to Dec 31	167.9	(146.8)	16.4	(18.9)	5.91	(6.82)	1.6	May 31	1.5	2.1	2
Clarke (T)	Yr to Dec 31	45	(58.5)	0.83	(0.06)	4.1	(0.17L)	2.81	May 9	1.26	4.07	1.26
Cornwell Parker	6 mths to Jan 31	42.4	(43)	1.94L♠	(1.26)	3.6L	(1.8)	0.3	Apr 15	1.7	-	5.7
Cortecs Intl	6 mths to Dec 31	3.2	(2.4)	2L	(2.4L)	1.8L	(3.2L)	nil	-	nil	nil	nil
Courtaulds Textiles	Yr to Dec 31	1,053	(923.1)	47.3♥	(38.8♠)	33.7	(29.2)	10.1	May 4	9.5	15	14.2
Enterprise Oil	Yr to Dec 31	651.3	(546.1)	71■♠	(94.7■)	11.7	(17)	9.5	Jun 1	6.5	16	16
Gestetner □	14 mths to Dec 31	1,165	(1,000)	14.2	(33.3L)	5.4	(36.9L)	1.8	June 9	1.2	3	3
GKN	Yr to Dec 31	3,090	(2,639)	203	(97.5)	28.3	(14.3)	13.5	May 31	12.5	21.5	20.5
Hillsdown	Yr to Dec 31	4,282	(4,595)	172.3♠	(182.3)	14.5	(13.6)	7	July 3	6.6	9.2	8.8
IMI	Yr to Dec 31	1,161	(1,065)	50.3♠	(70.2♠)	6	(13.8)	6.1	May 22	5.8	10.5	10
Independent News ♣	Yr to Dec 31	271.4	(173.5)	37.7	(26.5♥)	20	(18.05)	5.5	Apr 28	4.67*	8.5	7.33*
Instem §	Yr to Dec 31	16.8	(19.3)	1.15	(1.02)	16.6	(14.8)	2.1	July 7	1.8	3.5	3.1
Kode Intl	Yr to Dec 31	24.8	(24.9)	9.12L♠	(1.14)	96.5L	(7)	nil	-	4	nil	8
Litho Supplies	Yr to Dec 31	61.6	(60.2)	5.37	(4.63)	14.2	(12.9)	4.095	May 30	0.7✝	5.825	0.7
Logica	6 mths to Dec 31	122	(106.5)	7.22	(3.21)	7.6	(3.3)	1.75	Apr 28	1.4	-	5
MTL §	Yr to Dec 31	30	(23.6)	4.9	(4.33)	17.6	(15.5)	2.8	May 10	2.4	4.7	4.1
Mucklow (A&J)	6 mths to Dec 31	11	(10.6)	5.25	(5.28)	3.91	(3.77)	3.1431	July 3	3.0515	-	6.2861
Pentland	Yr to Dec 31	632.5	(471.8)	38.1	(21.6♠)	6.59	(2.74)	1.85	July 1	1.64	3.1	14.8‡
Quarto	Yr to Dec 31	57.9	(49.6)	6.28	(5.02)	20.8	(19.7)	4.3	May 26	4	6.3	6
Raine	6 mths to Dec 31	247.2	(207)	1.06	(3.44♠)	0.38	(1.06)	0.5	Apr 28	1	-	3
Rolls-Royce	Yr to Dec 31	3,163	(3,518)	101	(76)	6.62	(5.95)	3	July 3	3	5	5
Telemetrix	Yr to Dec 31	137.6	(123.3)	11.5♥	(16.1)	8.6	(8.5)	1.2	July 3	1	1.2	†
Willis Corroon	Yr to Dec 31	671.3	(707.6)	5.6♠	(76.2)	nil	(11.3)	1.65‡‡	Apr 3	1.65	-	6.6

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
F&C Investment	Yr to Dec 31	134.7	(148*)	22.8	(24.8)	2.16	(2.35)	1.2787♦	Apr 28	1.18*	1.88	1.76*
Israel Fund ☆	10½ mths to Jan 31	77.13	(-)	0.41	(-)	0.27	(-)	0.25	May 29	-	0.25	-
Lloyds Smaller	Yr to Jan 31	117.1	(132.7)	0.87	(0.867)	3.55	(3.53)	1.9	-	1.85	3.65	3.6

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. §USM stock. ♠After exceptional charge. ♥After exceptional credit. ☆US currency. ■Net profit. *Adjusted for scrip issue. ✝Paid for period between flotation in November 1993 and year end. □Comparatives for year to October 31. ♣Irish currency. ‡Includes special 12p. ♦Includes foreign income dividend of 0.1532. ‡‡First interim

COMPANY NEWS: UK

Timing could affect Lloyds' agreed bid for Cheltenham and Gloucester Society

Halifax and Leeds plans go to court

By Alison Smith

Halifax and Leeds Permanent, two of the UK's largest building societies, must go to the high court to test the legality of their proposals for distributing free shares among their 10m members on the basis that they combine and then become a bank.

If the scheme is approved, then the timing of the hearing later this month could have an impact on a critical stage of Lloyds Bank's agreed £1.8bn cash bid for Cheltenham & Gloucester Building Society. C&G found its plans for sharing out the cash were restricted by the high court.

When Halifax and Leeds announced last November their plans to merge and then to become a public limited company, they said they wanted their 10m investing and borrowing members, whose approval is needed for the deal to proceed, to be the main beneficiaries of the flotation.

But the Building Societies Commission, the sector's statutory regulator, has questioned whether the plans to give free shares to all those who were members of the society when the deal was announced and are still members when the deal is completed, are allowed under the 1986 building societies act.

The court hearing is expected to take place on March 20, with the judgment to be delivered soon after.

This could mean that it comes before C&G's 1.2m members vote on whether to approve the Lloyds' offer, at a special general meeting on March 31.

Under the revised cash distribution scheme put forward by C&G, borrowers are not entitled to a share of the money, nor are the minority of investors who had not joined the society by the start of 1993.

The Lloyds' offer must be approved by two separate C&G resolutions in order to proceed. A simple majority of borrowers voting must be in favour, and there is a higher hurdle for getting investors' support.

If the high court clears the Halifax free share distribution scheme, then it could mean that C&G comes under pressure to find a way of proceeding which enables borrowers to gain an immediate benefit, as well as sharing in the more general advantages from the move.

The Halifax scheme is based on a fixed number of free shares for investors, borrowers and staff, together with additional shares for those who have been investors with either Leeds or Halifax for more than two years.

Merger plans are clouded by uncertainty

Alison Smith on the share distribution intentions of Halifax and Leeds Permanent

The shape of the share distribution scheme planned by Halifax and Leeds Permanent, two of the UK's largest building societies, is now clearer.

But there is much that remains cloudy about the route from here through the merger to the flotation of the combined organisation, which may not occur until 1997.

The first uncertainty is whether the societies' scheme will be accepted by the high court.

Borrowers, employees and pensioners and all investors with balances of at least £100 will receive a "basic distribution" of a fixed number of free shares. Depositors with the societies – savers who are not members – are excluded.

In addition, they propose that investors of more than two years' standing, who have share balances of £1,000 to £50,000, will receive free shares broadly proportional to their balances.

Halifax believes that by giving priority within the share distribution to investors of more than two years' standing, the scheme meets the terms of the 1986 building societies legislation, even though others will benefit as well.

But the Building Societies Commission, the sector's statutory regulator, is seeking guidance from the court about the legality of giving rights to free shares to all members, when the act refers to restricting priority rights to investors of more than two years' standing.

Another uncertainty is how the free shares will be split between the basic and variable elements. Mr Jon Foulds, Halifax chairman, said yesterday that the scheme would be "loaded towards the basic rights of membership".

This suggests that significantly more than half will go in the basic distribution. One likely prospect is that two thirds or three quarters of the total would be spread among all those 10m members, and staff, who qualify for the fixed numbers of free shares, leaving the remainder to be shared among the investors of more than two years' standing on the basis of their balances.

The exact split would probably depend on the market capitalisation of the combined organisation when it is floated. Mr Foulds suggested yesterday that this was likely to be £8bn-£10bn.

Within the variable element of the distribution, the aim will be to match the number of shares to amounts in accounts.

The entitlement will be calculated on the basis of narrow bands, perhaps of just £100 each, up to the maximum qualifying balance of £50,000.

A third uncertainty arises from the timing of the plans, and would affect who counts as an investor.

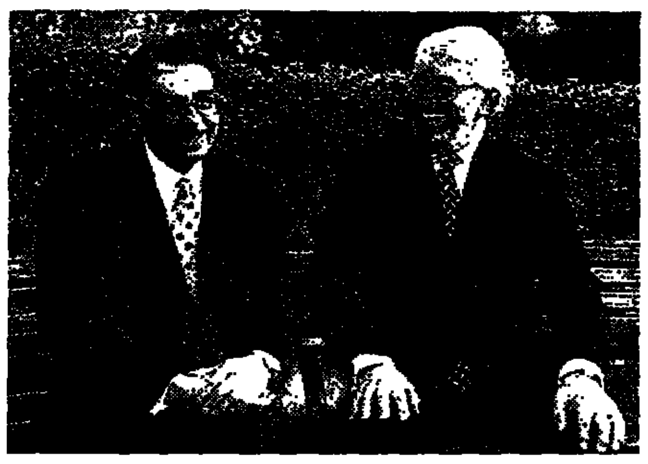
Last month, the government announced a range of measures to give building societies more powers and to make them more accountable to their members. One of the more important changes was the proposal to remove the distinction between different types of personal savers – investors, who are members of a society, and depositors, who are not.

This would require primary legislation. No time has been set for this yet, but it could be introduced in the parliamentary session which begins in the autumn, and become law by next autumn.

If current plans are enacted before the flotation, it could mean that account holders who are not currently eligible have to be brought into the scheme – for example the 900,000-plus holders of the Halifax current account.

These uncertainties come on top of the questions over any move by a society which requires consent of members – in this case first to the merger and then to the flotation.

The high court ruling should lift the fog in some respects, but it will not clear completely until much nearer the end of the deal.

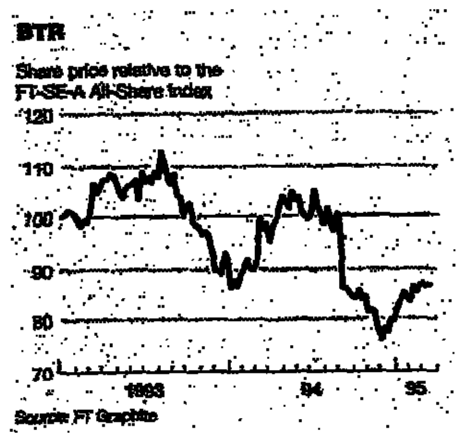


Fergus Wilde

Chiefs together: Roger Boyes, left, and Mike Blackburn.

LEX COMMENTS

Still cautious about BTR



BTR's strong results yesterday should help silence the cynics.

Most importantly, the industrial conglomerate's margins have recovered from 15.2 per cent in the first half to 17.2 per cent in the second half, as increased volume fed through to the bottom line. There is room for further improvement, as higher raw material costs are passed on. BTR's high level of capital expenditure relative to its peers is paying off and some of the company's problems in the US – in particular, at BAE, Weavexx and Allsteel – have been resolved.

One concern is the dearth of badly-run, cheaply-priced companies for BTR to acquire. However, the company is well positioned to grow organically.

The abandonment of BTR's warrants programme is also mildly good news, as the warrants had a dilutive effect on its shares. Existing warrants, if exercised, will provide a further £1.3bn of cash between now and 1998; with acquisitions tailing off and a strong cash flow, the company does not need the money. BTR has already managed to reduce gearing from 64 per cent at the end of 1993 to 35 per cent, and has increased interest cover.

Conglomerates have been out of favour recently. But BTR's strong earnings prospects mean its shares may be undervalued.

Investors may remain cautious, however. On several previous occasions, the market has welcomed BTR's full year results in March, only to be disappointed in September.

UK building societies

The Leeds Permanent and Halifax building societies' attempt to distribute shares to their borrowers is an important development. Not least, it should provide encouragement for more members to vote through the merger and conversion to a quoted bank. Whether the distribution is permitted depends on the court and its interpretation of the 1986 Building Societies Act, one of the most ineptly drafted pieces of legislation to have left Parliament in the past decade.

The court's decision could also prove critical for Lloyds Bank and its proposed acquisition of Cheltenham & Gloucester Building Society. The hearing is scheduled for March 20 and a judgment is expected shortly afterwards, probably before C&G members' proxies are due on March 26.

If Halifax is successful, C&G's 384,000 borrowing members would have an incentive to reject Lloyds' offer. At present they are being promised nothing except a vague undertaking of slightly cheaper mortgages. They could plausibly ask whether it was possible for Lloyds to offer them shares, or for C&G to convert on its own and supply them stock that way.

C&G's board insists that if members reject Lloyds' offer, the organisation would remain a society. That smacks of sour grapes. If the court approves the Halifax/Leeds arrangement, C&G borrowers should reject the Lloyds' bid. They should then press the board to negotiate better terms from Lloyds or for a vote on conversion to a bank. If the directors do not provide borrowers such opportunities, they should be voted off the board.

NEWS DIGEST

Quarto ahead to £6.28m

Despite difficult trading conditions in the UK, Quarto Group, the publishing and printing services company, raised 1994 sales and pre-tax profits by 17 per cent and 25 per cent respectively.

Mr Laurence Orbach, chairman, said that although UK markets remained subdued, orders for delivery in 1995 were running well ahead of the same time last year.

Sales last year reached £57.9m (£49.6m) and profits grew from £5.02m to £6.28m. Earnings per share came to 20.8p (19.7p) and the recommended final dividend is 4.3p (4p) for a total of 6.3p (6p).

Consistent with group policy of writing off goodwill on acquisition, gearing at the year end stood at 87 per cent (27 per cent).

Montanaro Trust

Société Générale Strauss Turnbull Securities has launched a placing in the Montanaro UK Smaller Companies Investment Trust.

The placing, which is not underwritten, is for a minimum of 25m ordinary shares at 100p apiece with warrants attached on a 1-for-5 basis.

Each warrant will confer the right to subscribe for one ordinary share on the subscription date in any of the years 1997 to 2005 inclusive.

The fund, which will be managed by Mr Peter Searight, formerly of Clerical Medical Pedigree Growth Trust, will invest in quoted companies capitalised at less than £100m.

COMPANY NEWS: UK

Reorganisation costs and hostile trading conditions behind downturn

Willis Corroon tumbles to £5.6m

By Ralph Atkins, Insurance Correspondent

Willis Corroon, the insurance broker, yesterday announced a higher than expected exceptional charge of £49.1m for a reorganisation programme involving 800 job cuts and aimed at correcting "disappointing" profits.

The group also warned that £7m would be wiped off this year's profits by problems in its US lawyers' professional liability insurance business.

Announcing its results for 1994, Willis said 500 jobs had already been cut from its worldwide workforce of 11,450 as part of a restructuring exercise launched last year and originally forecast to cost £40m. This had resulted in annual savings of some £20m.

The group said it expected overall cost reductions of £26m in 1995 and £39m annually thereafter. After exceptional costs, the group reported pretax profits of £5.6m against £76.2m last time.

Willis, like other insurance brokers, has been hit by increasingly hostile trading conditions with clients putting downward pressure on commissions, expecting a higher level of service, or reducing their reliance on insurance for financing risk.

However, Willis described new business growth as "excellent". It was also seeking to strengthen its balance sheet by arranging the sale and partial leaseback of its US headquarters in Nashville and finding a buyer for its 36 per cent stake in Gryphon, the US underwriting company. Willis aims to reduce its gearing from 84 per cent to below 50 per cent.

The group is also being refocused into five client-oriented business segments – global specialisms, UK retail, North American retail, US wholesale and international.

Profit centres within those segments have been set target figures for operating profits as a proportion of revenue of not less than 15 per cent. That compares with 8.6 per cent for the group in 1994 and 2.2 per cent in North America.

Willis also announced the resignation from its board of Mr Donald Payne, who until late last year had been overseeing the US retail broking arm.

Brokerage and fee turnover from continuing operations grew from £664.3m to £670m. Operating expenses of continuing operations increased by an underlying 3 per cent after allowing for £20.7m of development expenditure, including £4.2m for rebuilding its US construction team.

Earnings per share, excluding exceptional items, were 7.9p and an unchanged first quarter dividend for 1995 of 1.65p is declared.

● COMMENT

Willis Corroon has acknowledged that tough trading conditions and disappointing profits require a bold response. But the group has yet to prove its cost-saving exercise can bring the improvement in profitability it seeks across the business. Scepticism about the future quality of earnings is not helped by announcements of difficulties such as with US lawyers' professional liability insurance. Meanwhile, balance sheet constraints mean little prospect of a dividend increase this year or even next. A prospective multiple of about 13 on 1995 pre-tax profits of £75m is a little high compared with other brokers, justifying the cautious response to yesterday's results.

Raine halves dividend as profits dive

By Andrew Taylor, Construction Correspondent

Raine, the housebuilder and contractor, yesterday halved its interim dividend after announcing a 69 per cent fall in pre-tax profits from £3.44m to £1.06m in the six months to December 31.

The company, which is reshuffling its management, plans to sell its interiors contracting and manufacturing businesses as well as its remaining UK commercial property interests.

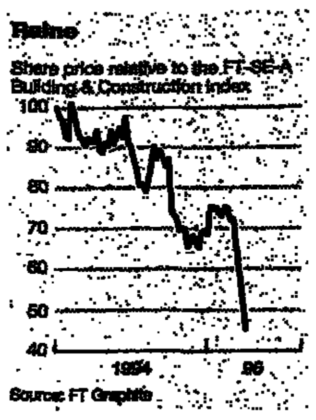
The disposals, which are expected to raise about £20m, could involve a £35m to £40m goodwill write-down say analysts, who expect pre-tax losses for the full year of up to £45m, including reorganisation costs.

The company also plans to sell its lossmaking southern Californian housebuilding business, which has been hit by rising unemployment in the region and by the 1994 Los Angeles earthquake. This had restricted access to housing sites.

Mr Derek Parkin, who is standing down as chairman to resume duties as chief executive, blamed the profits decline on the poor figures from California, where losses deepened from £605,000 to £1.25m, and on reduced spending by UK shops on refitting interiors which caused losses at Plumb Contracting to rise from £661,000 to £1.03m.

The company's share price slumped by a further 17p yesterday to 30p. This compares with peak of 99p in March last year.

Earnings per share fell from 1.06p to 0.38p, leaving the interim dividend of 0.5p uncovered. Mr Parkin said he expected sufficient earnings from continuing business to pay a covered dividend for the full year.



He defended the decision to reshuffle management rather than replace individuals, saying that the people with the best skills had been placed in the right jobs.

Mr Roy Barber, non-executive director since 1990, becomes non-executive chairman; Mr David Vincent, previously group managing director, takes over the Hall and Tawse general contracting division; Mr John Bancroft, previously finance director, takes responsibility for the US housing business. Mr Neil Fitzsimmons, previously head of group finance, becomes finance director.

The best-performing division was Hassall Homes, the private housebuilder, which increased profits by 24 per cent from £4.33m to £5.37m. The company, however, remained cautious about prospects following a 10 per cent fall in sales during the first nine weeks of this year.

In spite of increased sales, profits from social housing fell in the first half from £1.32m to £264,000 because of increased material costs and intense competition.

General contracting also made a reduced profit of £92,000 (£330,000).

Goodman consortium in I£45m buy-back

By John McManus in Dublin

Mr Larry Goodman, the Irish beef entrepreneur, has put together a consortium of Irish businessmen and a US fund, Morgans Waterfall, to buy back 60 per cent of Goodman International from a syndicate of 33 banks for I£45m.

The banks took the stake in Ireland's largest beef processor in 1991 after it collapsed with debts exceeding I£300m.

The individuals putting up the money include the McCann family, which controls Fyffes, the international fruit company, which will take up to 14 per cent. Two brothers, Mr Jim and Mr Pat Gleeson, who control Glibro Trading, a Swiss-based commodities trader, will also take 14 per cent. Two other Irish businessmen, Mr Brendan McDonald and Mr Jim Monaghan, will take 9 per cent each.

Mr Goodman's stake in the company will fall from 40 to 35 per cent, while Morgans Waterfall will take the remaining 18 per cent.

Under the terms of the deal, any of the new shareholders wishing to sell must first offer their shares to other shareholders, a mechanism which will allow Mr Goodman to increase his stake in the company.

Mr Goodman previously owned 95 per cent of Goodman International, which has turnover of I£800m, prior to it getting into difficulties in 1990, when the Iraqi government reneged on a I£175m export contract after the outbreak of the Gulf war.

Mr Goodman will remain as chief executive of the company, but the new board is expected to include representatives of the incoming shareholders. Mr Ian Morrison, a former governor of the Bank of Ireland will be replaced as chairman by Mr Bernie Cahill.

Enterprise falls to £71m after Lasmo bid costs

By David Lascelles, Resources Editor

Enterprise Oil, the independent oil company, produced unchanged after-tax profits of £95m in 1994. But the £24m costs of its unsuccessful bid for Lasmo dragged the final result down to £71m.

The company is proposing a total dividend of 16p, also unchanged.

Mr Graham Hearne, chairman and chief executive, described it as a year of "mixed fortunes" with the disappointment over Lasmo offset by successes on the operational front.

Production was up 27.5 per cent to a record 181,000 barrels of oil equivalent a day, boosted by the newly started Nelson and Scott fields. Total production for the year of 66m boe was replaced by newly booked reserves of 81.7m boe resulting from exploration and production activities.

Operating costs per barrel were £2.83p, down 16.5 per cent on the previous year. Drilling activity nearly doubled to 23 exploration and appraisal wells. Cash flow was strong, up 26 per cent to £407m.

Against this, Enterprise suffered from the weaker oil price: it averaged £10.34p per barrel, down from £11.58p in 1993. It also took an £18m loss through its one third share in Elf Enterprise, the joint venture which was hit by lower oil prices, high interest charges and lower carrying values. The Lasmo provisions were taken at the interim stage.

Mr Hearne said that Enterprise had a strong balance sheet and a high quality portfolio which would sustain production at about the 200,000 barrel a day level into the next century. Following the Lasmo setback, Enterprise would concentrate on seeking new opportunities to add value to the portfolio while maintaining the underlying strength of the business.

Earnings per share slipped to 11.7p (17p).

● COMMENT

There were no surprises in these results, and the shares ended the day little changed. The big question hanging over Enterprise is, where next after Lasmo? Mr Hearne's statement was sufficiently vague to leave open any number of possibilities from reshuffling the portfolio to launching another large takeover bid. The strategy in the medium term, at least, seems to be to develop "core areas" outside Enterprise's traditional operating area in the North Sea. This could mean the Black Sea or further afield in east Asia and Latin America where an independent oil company might be welcomed as an offset to the oil leaders. But even if uncertainty clouds the picture, Enterprise does have a solid base, with strong production and a firm grip on costs. The unchanged dividend also suggests a desire to plough profits back into the business rather than pay out shareholders. Analysts are forecasting flat to slightly higher earnings this year, with a yield about the 5 per cent mark.

Shaken Gestetner once bitten twice shy of swaps

By Geoff Dyer

Controls in the treasury department of Gestetner Holdings, the office and photographic equipment distributor, have been tightened up after the group lost £6.1m through interest rate swaps last year.

Mr Stephen King, finance director, said: "Nothing like that could happen again."

The loss, disclosed at the October interims, resulted from the effect of increased interest rates in the US and UK on two highly geared, fixed-to-floating interest rate swaps.

The group, which had hired Price Waterhouse to advise it on risk management, no longer entered into leveraged deals and all swap contracts had to be approved at board level. The treasury office, which had been consolidated in London, was not run as a separate profit centre and took a "risk-averse" approach, said Mr King.

The comments were made as Gestetner announced its return to the black in the 14 months to December 31 with pre-tax profits of £14.2m. The company has changed its year end from October 31.

Pro-forma pre-tax profits for 1994 were £16.1m, compared with a loss of £31.3m the previous year following exceptional restructuring costs. Turnover was slightly higher at £1.01bn (£998m). The gross profit margin slipped to 36.2 per cent (36.8 per cent).

Mr Greg Melgaard, chief executive, said the introduction of digital technology constituted a "fundamental change" for the office automation division. A total of £6m was spent last year, and £10m will be spent this year on marketing new products such as a copier that also functions as a printer and fax and can be connected to a personal computer.

The division increased trading profits 11 per cent to £32.5m (£29.4m) on sales up 4 per cent to £821m (£791m), with Europe providing most of the growth. Profits in the Americas halved as sales declined in Mexico and Argentina.

Sales at the photographic division were flat at £187.9m (£186.9m), although profits were higher at £9.7m (£7m). Mr Melgaard said that the planned introduction of a new product in 1996 might lead to postponed purchases this year.

Net borrowings were £121.4m (£176.8m), reducing gearing from 93.2 to 62 per cent. Earnings per share were 7.3p against losses of 35.1p.

Analysts are predicting pretax profits this year of £25m.

The final dividend is 1.8p (1.2p), making an unchanged total of 3p.

The shares eased 6p to 110p.

Sales cut vacant space as Mucklow declines to £5.25m

By Patrick Harverson

Despite a sharp drop in vacant office and industrial space, A&J Mucklow, the property development and investment company, reported a dip in interim pre-tax profits from £5.28m to £5.25m.

Rental income and turnover rose £300,000 to £10.9m.

The decline in vacant space from 1.05m sq ft to 759,000 sq ft failed to feed through to higher profits primarily because more than a third of the decrease came from the disposal of 17 nursery unit industrial estates rather than from letting. The units were sold in December for £20m, producing a profit over book value of £340,000.

Analysts said the disposal indicated Mucklow's desire to move away from letting smaller units, with their short leases and high turnover of tenants, to larger units, such as the 48,000 sq ft factory and office block and the 27,000 sq ft offices that are soon to be completed in Saltley and in Edgbaston.

Mr Albert Mucklow, chairman, said that the money raised from the nursery units sale would release funds for "reinvestment in property with better prospects for growth in income and capital value".

Earnings per share rose to 3.91p (3.77p) and an interim dividend of 3.1431p (3.0515p) is declared. Analysts expect full-year pre-tax profits of £10m, about the same as last time.

Kode £9.1m in loss

Kode International, the printed circuit boards maker, fell from pre-tax profits of £1.14m into losses of £9.12m in 1994.

Turnover was little changed at £24.8m (£24.9m) with discontinued operations contributing £5.95m (£8.47m).

Losses per share came through at 96.5p (7p earnings) and there is no dividend for the year (6p).

Cornwell Parker sinks into the red

By David Blackwell

Cornwell Parker, the furniture group best known for its Parker Knoll range, has plunged into the red following a provision of almost £2m for a factory closure.

The group, which has cut the interim dividend from 1.7p to just 0.3p, is closing one of its north London factories and shedding 80 jobs. The shares yesterday fell 14p to 72p.

The pre-tax loss for the six months to the end of January was £1.94m on sales of £42.4m, compared with a profit of £1.26m on sales of £43m.

The furniture division incurred a trading loss of £490,000 (£676,000 profit) on sales slightly down at £22.5m (£22.7m). The group blamed the depressed UK market.

The fabrics division, which exports 33 per cent of production, lifted trading profits from £850,000 to £893,000 on sales of £19.9m (£20.3m).

Redundancy costs amounted to £316,000. Losses per share were 3.6p (earnings of 1.8p).

Hillsdown pay-out rise the first in four years

By Roderick Oram, Consumer Industries Editor

Hillsdown Holdings' reluctance yesterday to spell out its strategy once it sells Maple Leaf Foods, its Canadian subsidiary, took the shine off the food group's solid set of results.

"The company has come a long way in the past two years cleaning up its act," one analyst said. "But they should have outgrown that. They are stalled at amber with financial criteria driving the strategy."

Analysts had few concerns about the past year's results reported yesterday but the question mark over the future left the shares down 7p at 173p.

Pre-tax profits rose 6 per cent £162.3m to £172.3m, as the City had forecast, while a larger final dividend of 7p (6.6p) than expected was proposed. The total pay-out for the year is 9.2p (8.8p), the first rise in four years. Earnings per share emerged at 14.5p (13.6p).

Strong profits from poultry and housebuilding helped Hillsdown overcome a sharp setback in red meats and slight weakness in European chilled and ambient foods.

Hillsdown is due to receive between C$623m (£274m) and C$680m from selling its 56 per cent stake in Maple Leaf Foods to the Wallace McCain family and the Ontario Teachers' Pension Plan Board.

The deal should be broadly earnings neutral with lower interest charges, minorities and tax rate offsetting the loss of Maple Leaf's earnings, management said. Net debt would fall to under £100m from £275.7m and gearing to under 10 per cent from 42 per cent.

Building on its success with bolt-on acquisitions in recent years such as the Materne-Fruibourg French jam business, Hillsdown said it would expand in European foods once it had left Canada. "We will seek out medium-sized transactions," Sir John Nott, chairman, said yesterday.

Hillsdown would also seek pursue its twin-track approach of being a low-cost own-label food producer while building up its brands, including Typhoo tea, Cadbury biscuits and Chivers jams. But it was unlikely to buy the Tetley tea business Allied Domecq was selling, management said.

The black spot last year was the European meat and produce division where operating profits were halved to £8.9m despite an extra £1m contribution from produce. The meat trading business was by hit difficult conditions, and the management of Harris, the pork and bacon business, "shot themselves in the foot," Mr John Jackson, deputy chairman said, by losing control of costs. Senior management in Harris and the overall meat division have been replaced.

Poultry profits rose 24 per cent to £35.4m with efficiencies improving margins while sales also rose. Eggs and chicken breeding were also ahead.

Profits from European ambient and chilled foods slipped 3.5 per cent to £35.7m. Nadler, the German salad maker, became market leader while rationalisation of the UK canning industry brought higher utilisation to Hillsdown's plants.

European beverage and biscuit profits rose 6 per cent to £19.2m. A sharp increase in advertising spending helped lift a number of brands: Typhoo, a distant number three, clawed back 4 percentage points of lost market share.

● **COMMENT**

Hillsdown's management has brought order to its motley collection of businesses and is running many of them well. Its shares are worth buying for their 7 per cent yield. Post-Maple Leaf, pre-tax profits this year could be around £155m, give an undemanding multiple of 11. But the markets is hungry for the next course and is uncertain that management has the recipe. On the one hand it wants to be a low-cost own-label producer, and on the other it wants to push brands. Even companies with better brands and deeper management find that a tricky strategy to straddle.

Maple Leaf will take on debts of up to C$575m

By Bernard Simon in Toronto

Maple Leaf Foods' annual results, published yesterday, indicate that Hillsdown Holdings may be unloading its 56 per cent stake just as efforts to inject new vigour into the Canadian food processor seem to be bearing fruit.

At the same time, however, there is considerable nervousness about Maple Leaf's long-term prospects.

The proposed deal to transfer control to a group led by Mr Wallace McCain, the recently ousted chief executive of his family's frozen food empire, would transform Maple Leaf from an over-capitalised company with ample resources for expansion into one with a heavy debt burden.

Even the McCain camp acknowledges that more upheavals may be in the offing if Maple Leaf's long-term competitiveness is to be assured, especially in its flour milling business.

Another risk is that Mr McCain could be distracted by the continuing feud with other family members. His brother Harrison has reacted to the offer for Hillsdown by demanding Wallace's resignation as a director of McCain Foods and dismissing his son as head of McCain's US arm.

After a flat performance in recent years, Maple Leaf's profits after tax jumped to C$26.8m (£11.8m), or 33 cents a share, in the final three months of 1994, up 20 per cent from C$22.3m a year earlier. Post-tax profits for the year were C$75.7m, up from C$70.1m in 1993.

Cash flow is strong and the company had C$184m net cash at the end of last year.

Hillsdown has cut a swathe through Maple Leaf since it bought control in 1990, selling businesses, restructuring others and making extensive management changes.

Earnings are expected to improve substantially this year. The rise should come partly from the buoyant North American economy, but also from savings generated from the closure of a large but inefficient meat-processing plant in Toronto, and the earlier sale of several lossmaking businesses.

Mr McCain, backed by the Ontario Teachers' Pension Plan and Toronto-Dominion Bank, has offered a combination of cash and shares for Maple Leaf. Hillsdown would receive a maximum of C$680m cash and a minimum of C$623m, with a stake of 10 per cent in a new company.

Up to C$760m of the cash component would be financed through bank loans, transforming Maple Leaf's balance sheet as it would take on long-term borrowings of C$575m.

According to Mr Brian Lomas, analyst at Scotia-McLeod, Mr McCain "is going to get a C$3bn company with C$150m of his own money. It's not the best thing that could have happened to Maple Leaf's shareholders."

But Mr Archie McLean, a former McCain executive who will join his former boss in the new company, commented: "All my life I've worked with a balance sheet that had 60 to 70 per cent debt, and that didn't inhibit our growth."

Even so, Mr McLean added that Maple Leaf's businesses, which range from fresh meats and bakery mixes to property development, may need a sharper focus.

SGI float halted by main holder

By Andrew Baxter

SGI, the steel products group, has been forced to drop plans for a flotation after Phildrew Ventures, its main shareholder, refused at the eleventh hour to accept what it believed was too low a price.

The flotation would have raised £27.5m for the company, giving it a value of about £45m. Yesterday was due to have been "impact day" when the issue would have been priced.

The decision was blamed on adverse market conditions. "I am very disappointed," said Mr Eddie Boss, chairman and chief executive. "It was simply a price issue, the flotation just got killed by the market."

Phildrew, which owns 54 per cent of SGI and led the management buy-in in 1989, said the "big issue" was the flotation of Albright & Wilson. It floated at a valuation of just £470m – and a p/e of 10 – compared with an original target of £600m.

Phildrew said it had "no intention of floating any of our industrial holdings at anything less than fair market value. SGI has extremely interesting business prospects in its fast-growing wire division and an excellent recovery position in its rebar operations both here and in North America."

It also saw "no point whatsoever in entertaining trade interest in the company".

The venture capital company said it had wanted a historic p/e of 13, and a prospective ratio of 9. There was no point in testing what level below that would have secured success for the flotation.

Margins pushed up despite increases in raw materials prices

Courtaulds Textiles ahead to £47m

By Motoko Rich

Courtaulds Textiles, the UK's second largest clothing and fabrics manufacturer, kept the impact of raw material price rises to a minimum and pushed margins ahead as it lifted 1994 pre-tax profits 22 per cent from £38.8m to £47.3m.

The group overcame interim losses from its hosiery and sock acquisitions, which contributed £91m in sales and £2.7m in operating profits.

The shares rose 10p to 426p.

Pre-tax profits on continuing businesses – enhanced by acquisitions in 1993 and 1994 – were up by 30 per cent, helped by reduced interest and reorganisation costs. On turnover up 14 per cent to £1.05bn (£923.1m), the group improved margins to 5.4 per cent (4.7 per cent).

Mr Noel Jervis, chief executive, said: "In terms of raw materials and margins, our message is so far, so good." He said the group's international profile made it possible for the company to shop around for better raw materials prices.

The company had bought forward in anticipation of price rises this spring, and Mr Jervis said the company would re-engineer its products to adjust to cost increases.

All divisions improved profits, with branded clothing – which includes the hosiery and sock businesses – increasing profits before interest by more than 10 times the 1993 level.

The performance of Georges Rech, the prêt-à-porter fashion house, and Contessa, the lingerie retail chain, continued to be "unsatisfactory", but Georges Rech returned to break-even in the second half.

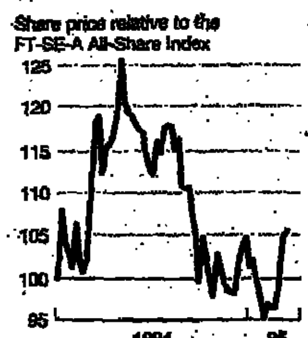
Courtaulds' ladies' hosiery brands increased market share and Well, the French brand, became joint market leader.

Own-label clothing improved profit before interest by 8 per cent. Increases in some sales to Marks and Spencer, which represent nearly a third of the company's turnover, were offset by reductions in others, although profits still grew.

Earnings per share rose 15 per cent to 33.7p (29.2p). The recommended final dividend is 10.1p, bringing the total to 15p, a rise of 5.6 per cent.

Courtaulds

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

● **COMMENT**

Courtaulds Textiles is bullish about its ability to continue to achieve margin targets, but second-half raw material price rises could put a squeeze on a company which has been adept at getting more out of mature businesses. Although the hosiery business performed better than its market in the second half, there could be a long-term problem looming as technology improves. What is a boon to buyers in the form of more durable hosiery is bad for manufacturers who count on frequent purchases. Still, the company has made some smart decisions in withdrawing from less profitable lines to become tightly focused on knitting-based products. Pre-tax profits are forecast at £55m for this year, with earnings of 38.5p. A forward multiple of 11 is at a 10 per cent discount to the market, but for a sector which has been de-rated the price is where it should be.

Alliance & Leicester advances 39%

By Alison Smith

Alliance & Leicester, the UK's fourth largest building society, plans to set up a general insurance subsidiary next year.

Mr Peter White, chief executive, signalled the move as he announced a 39 per cent rise in pre-tax profits for 1994 to £284m, against £204.4m.

He said this type of insurance was a core business, in which the society already had marketing and distribution. It was still examining how best to set up the operation, but did not intend to take all the risk on to the balance sheet.

The move follows the government announcement last year that societies would be given new powers to wholly own a general insurer dealing in personal lines.

The profit rise reflects an aggressive year for the society in the mortgage market, where its net lending of £1.1bn represented 11 per cent of societies' mortgage lending. Its normal market share is about 7 per cent, and the contrast is even greater with 1993, when its market share was just 3 to 4 per cent.

The society was less active in the personal savings market, though it took in some £78m in net retail receipts.

During the year it benefited from the transfer of £1.3bn in personal balances as personal customers at Girobank, the bank which A&L owns, were transferred to the society. Girobank's pre-tax profits for 1994 totalled £69m.

Total income rose only slightly – to £981.7m – but provisions for bad and doubtful debts fell by more than three quarters to £28.8m.

The steepest fall within this total was in provisions against losses on residential loans, which fell from £70m to £7m.

Mr White said he expected the provision charge to remain at about £29m to £30m for this year, but that over the longer term it might rise slightly, following new restrictions the government planned to introduce on mortgage help for people claiming income support.

Costs rose by just over 4 per cent to £627.1m. There were also exceptional costs of £31.8m for re-organising the business and closing the Hove office.

The overall cost/income ratio rose slightly from 63.34 per cent to 64.9 per cent. This is not directly comparable with that of other societies, since the mix of business includes the money transmission operation of Girobank.

Mr White said the cost/income ratio might be marginally higher again in 1995, but it should then begin to come down.

IMI poised to embark on acquisition trail

By Paul Cheeseright, Midlands Correspondent

IMI, the engineering group, is about to enter a period of expansion through acquisition, most likely in continental Europe and the US.

"We have a lot of confidence for 1995 – to maintain the organic growth of the company and to look quite hard at acquisitions," said Mr Gary Allen, chief executive, yesterday.

"We've got three groups in particular which are cohesive world groups. There is the opportunity for acquisition," he added, referring to IMI's building products, drinks dispense and fluid power sides.

IMI also announced 1994 pre-tax profits of £50.3m, a figure reached after an exceptional, but expected, charge of £35m caused by withdrawal from the computer business. Pre-tax profits in 1993 were £70.2m.

The result, which was in line with market expectations, reduced earnings per share to 6p (13.8p) but did not deter IMI from lifting its final dividend to 6.1p, making a total of 10.5p (10p).

During the year gearing fell from 25.2 to 21.8 per cent. Since then it has fallen to less than 19 per cent following the £25m sale of the first phase of the Holford Estate in Birmingham.

Mr Allen said IMI had "the best of both camps" in terms of funding possibilities for acquisitions. Apart from IMI's borrowing capacity, he hinted at the possibility of a rights issue.

If IMI expands in east Asia it will be through organic growth and joint ventures. "The US and continental Europe have been the most successful for growth in terms of acquisitions and that's where we're looking the hardest," Mr Allen said.

Those regions provided about half of turnover of £1.16bn (£1.06bn). Operating profits on continuing operations were £100.4m, against £84.9m.

The building products, drinks dispense and fluid power divisions all increased operating profits as markets and order books improved, but the special engineering division was dragged down by continuing losses on titanium and alloy tube production.

● COMMENT

IMI is chirpy about prospects: the market improvement it noticed in 1994 has continued into 1995. Now that the group has wrapped up its unfortunate diversification into computers, the main impediment to earnings growth is the perennial problem of its titanium operation and it is not much use looking for any improvement there until 1996. But the momentum of the markets, coupled with past work to contain costs, will make 1995 a good year with pre-tax profits moving towards £110m and earnings per share towards 21.5p. After yesterday's fall to 295p, the prospective multiple of 13.7 eases the high rating on which the shares have traded. Further falls would make them worth buying.

Norwich paves way for market flotation

By Tim Burt

Norwich City has become the latest football club to unveil plans for a rights issue and possible stock market flotation.

The East Anglian side, currently eighth from the bottom of the Premiership, told investors this week it planned to overhaul the company to clear the way for a fundraising exercise to pay for ground improvements and non-footballing activities like merchandising.

"There is a clear need to restructure," said Mr Robert Chase, chairman. "Not least the club joining a formal market regulated by the London Stock Exchange."

Norwich is thought to be considering a listing on the Alternative Investment Market, the replacement for the Unlisted Securities Market which is due to open this summer.

As part of the restructuring, the club has offered to buy back stakes of less than 250 ordinary shares and its entire preference share capital, issued in 1983.

To pay for this, Mr Chase said the company would issue 47,000 new ordinary shares at £10 each, a 200p discount to the current valuation. Shareholders who wish to sell existing holdings will be offered £12 per ordinary and £1.20 for each preference share.

Arjo Wiggins buoyed by paper industry recovery

By Christopher Price

Continuing recovery in the paper industry helped Arjo Wiggins Appleton lift pre-tax profits by 78 per cent during 1994.

The Anglo-French paper group said that it also benefited from rationalisation measures set in motion during the downturn in the industry over the last three years.

The increase, from £122.1m to £217.1m, came on turnover up 7 per cent to £2.92bn and was struck after an exceptional charge of £12m against its Spanish eucalyptus pulp arm.

Mr Alain Soulas, chief executive, said the company had so far successfully passed on rising pulp prices, which more than doubled during the year to over $800 (£488) a tonne. However, he warned continuing upward pressure could create problems in the short-term.

"It is difficult to keep pace with the speed of the price rises," he said. "Margins could be affected." He expected pulp to reach $1,000 a tonne by the year-end and also expressed concern over the high level of stocks being carried by customers who had bought ahead of the anticipated price rises.

Both Mr Soulas and Mr Cob Stenham, chairman, said they knew nothing of recent rumours speculating on the future of the 40 per cent stake held by St Louis, the French food group. There was also no new news in the search for a new finance director, a post vacant since Mr Tony Isaac resigned in October.

In Europe, there was increased demand across most of the group's paper manufacturing activities during the year, with turnover rising 4 per cent to £1.3bn (£1.25bn). While the coated papers division was particularly strong, the speciality papers business was unable to pass on fully the pulp price increases and operating profits declined.

There was a more than three-fold increase in operating profits from paper merchanting to £36.8m (£12.9m), on turnover marginally ahead at £1.14bn (£1.04bn). The UK, France and Spain showed the strongest recovery.

Mr Soulas said the group's focus would continue to be on the development of speciality manufacturing and merchanting. "We intend to grow our high value added paper products. We are adding more processes to our paper which reduces the amount of the product reliant on the pulp price."

Earnings per share advanced from 7.5p to 17.9p, while the total dividend is raised to 7.25p (6.5p) via a final of 4.6p.

SEP chairman sees growth

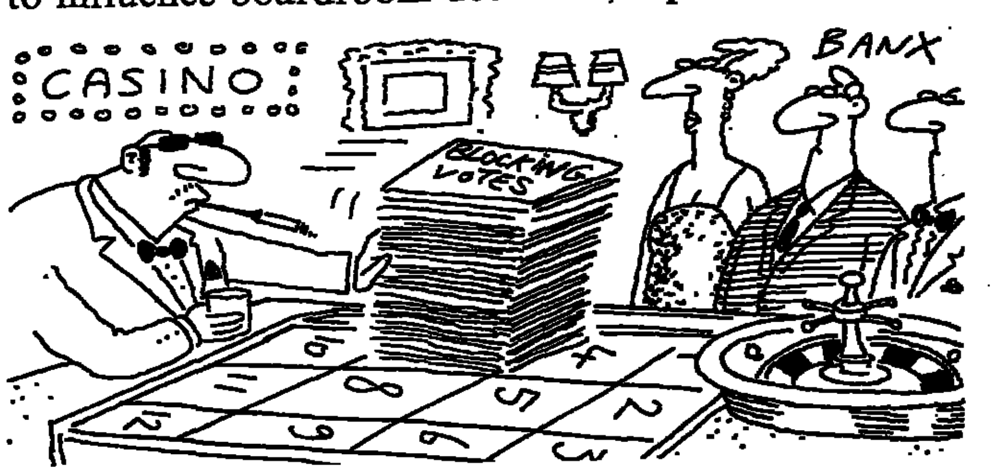
Shares in SEP Industrial Holdings, the engineering group, rose by 5p to 44½p yesterday after Mr Paul Formby, chairman, said profits for the current year were likely to be significantly above current market expectations.

He was confident that, if present trends continued, the current year would see an acceleration in the actual rate of profit growth.

Exceptional profits of £689,000 on asset disposals helped lift the pre-tax figure from £2.08m to £3.77m for the year to September.

All a matter of preferences

Professional arbitrageurs are using their voting power to influence boardroom decisions, reports Tim Burt



The recent financial rescue of a small British mortgage company has exposed a bitter rift between some of the City's largest merchant banks and the growing number of professional arbitrageurs, the speculative investors who have moved into the London market in recent years.

When National Home Loans, the centralised mortgage lender, pushed through a £50.3m rights issue and capital reconstruction last month, its financial advisers hailed the package as a victory for mainstream institutions against a number of fund managers – many of them based offshore – who claimed they had been bounced into an unfair settlement.

If such investors can muster more than 25 per cent of the preference shares, they can block any proposal put forward by the company and dictate the shape of the restructuring.

That rule, enshrined in the Companies Act, has caused increasing concern among some companies and financial advisers which feel it gives too much leverage to arbitrageurs.

Knowing that the "arbs" were keen to block a reconstruction, NHL gave investors a stark choice: "Back us or face a run down [liquidation]".

Echoing similar warnings last year by property groups Heron International and Ascot Holdings, Mr Jonathan Perry, NHL's chairman, warned: "If we can't go forward with this restructuring there will be no dividend payments at all, the company would face a run down and the prospects of capital repayments would be uncertain."

The deal, however, was condemned by a vociferous group of arbitrageurs. They complained that the proposals – in which they were asked to waive £24m in dividend arrears in return for a 3-for-1 conversion to ordinary shares and a favourable rights issue allocation – were mean and represented an attempt to ignore the rights of preference shareholders.

The row centres on the power speculative investors can exercise over a company's future after buying cheap preference shares from institutions seeking an exit route. Even though most of the arbitrageurs paid considerably less than the £1 issue price for each convertible preference share – trading at 33¼p on Friday – they felt the 45p conversion value was insufficient.

"The City has not done itself any favours by treating us so shabbily," one investor warns. "This has shown that companies have written off the rights of preference shareholders when it comes to conversion."

NHL's chairman disagrees. Advised by SG Warburg, Mr Perry says: "They felt they had a moral right to everything. But in fact, they only have real power in a winding up. It was wrong to think that a preference share is a lifetime guarantee of good performance."

His comments have been criticised by Klesch & Company, the London-based bank debt trader, which claims NHL's tactics reflect a growing trend of companies ignoring investors' interests.

"Preference shareholders are being treated in a very off-hand way," says Mr Jeff Summers, director of research of Klesch. "Nine times out of 10, preference holders roll over and die because most of them are also lenders and ordinary shareholders in the same company. They see it as a damage limitation exercise. But that means small investors get absolutely screwed."

Warburg rejects the accusations. Like Mr Perry, it believes the arbitrageurs should not be allowed to derail plans which do not meet their expectations.

"To try to knock down a solution that has been put in place with substantial financial engineering and sub-underwriting would have been foolish in the extreme," says Mr David Beever, vice chairman at the merchant bank.

Had preference shareholders – led by investment houses including Gruss & Partners, Everest Capital and Seligmann Harris – mustered enough votes to block the reconstruction and rights issue, it would also have forced the company to renegotiate a £160m refinancing package agreed with its 54 bank lenders.

Mindful of that threat, Warburg and James Capel actively lobbied shareholders to win their support.

"Financial advisers are now being more aggressive in running campaigns against hedge funds," according to Mr John Cryan, a director at Warburgs. "It would have done our reputation no good had the company's proposals been turned down. We didn't want to lose."

His view is echoed by Mr Beever, who adds: "The play is between reconstruction and liquidation. But if you don't have a strategy to deal with the arbitrageurs you're going to get killed."

In NHL's case, that strategy involved a determined effort to persuade institutional investors that the proposals were fair to all shareholders and were the best chance of reviving the company. When it came to the vote, such institutions agreed, defeating the arbitrageurs by winning 80.5 per cent of the votes cast at a recent extraordinary meeting.

Having failed in similar attempts to influence the reconstruction of Heron and Ascot Holdings, some arbitrageurs claim they are being squeezed as part of a concerted strategy by large institutions.

Others warn that in future reconstructions, arbitrageurs would work together to ensure they could get the 25 per cent of votes necessary to prevent the company pushing ahead with its proposals.

The power of that blocking vote has been demonstrated already in the long-awaited reconstruction of Wembley, the stadium and greyhound track group. Guinness Peat Group, the UK investment vehicle of New Zealand financier Sir Ron Brierley, has used its 26 per cent preference share holding to demand the demotion of Sir Brian Wolfson, the chairman, as its price for supporting any refinancing.

The move may indicate that opportunistic buyers of preference shares in distressed companies have had enough of being pushed around.

"We've lost a couple of battles," according to one. "But sooner or later we'll make sure that our rights are not being abrogated and when that happens some merchant banks and the stock exchange will not like the result."

Barr and Wallace feud cost £1.62m

By Damian Abraitis

The family feud at Barr and Wallace Arnold Trust cost the motor and leisure group £1.62m, reducing operating profit from £5.99m to £5.06m on turnover up 12 per cent at £261m.

Brothers Nicholas and Robert Barr ousted Mr John Parker, chief executive, and Mr Brian Small, finance director, in December. The brothers then joined the board. The group spent £1.3m on compensation and severance payments. A further £300,000 costs were related to enfranchising the non-voting A shares.

The brothers failed in their attempt to unseat Mr Malcolm Barr, the chairman and their uncle. He has since consolidated his position by temporarily taking on the chief executive's role. A strategic review, including whether the businesses should demerge, should be completed in July.

Profits on disposals covered the charges to leave 1994 pre-tax profits at £5.57m, a rise of 26 per cent. Motor distribution contributed £3.3m.

Leisure and holidays suffered due to travellers' reduced disposable income and discounted holidays.

Earnings per share were 27.7p (22.7p).

A final dividend of 8p gives an unchanged total of 11p.

NEWS DIGEST

MTL ahead but margins decline

MTL Instruments Group, the USM-quoted manufacturer of electronic safety equipment, lifted pre-tax profits for 1994 by 13 per cent but saw operating margins fall reflecting strong competition overseas and its move into Japan, writes Graham Deller.

On turnover ahead from £23.6m to £30m, including a small contribution from the Transition Technology and Telematic acquisitions, the pre-tax line rose from £4.33m to £4.9m.

"Substantial" start-up costs of its new sales company in Japan – "an expensive place in which to operate but an important long-term market for our products," according to Mr Ian Hutcheon, chairman – led to operating margins falling from 16.3 per cent to 14.8 per cent.

Despite capital expenditure and the Telematic purchase in August, the group ended the year with net cash of £7.4m.

Earnings per share emerged at 17.6p (15.5p). A recommended final dividend of 2.8p brings the total to 4.7p (4.1p).

Brandon seeks buys

Brandon Hire, the power tool and equipment hirer restructured last May following the purchase of JSL Fasteners, expects to make further acquisitions soon, writes Roland Adburgham.

Pre-tax profits climbed from £226,000 to £716,000 in the eight months to December 31 – it has changed its year end from April 30. Profits would have been £828,000, but for a £716,000 exceptional charge from the sale of assets of the lossmaking marquee division. Sales doubled to £6.51m (£3.17m).

Mr Brian Nathan, chairman, said Brandon had expanded its operations and horizons with the arrival of Mr John Laycock as chief executive, after the acquisition of his company JSLF. The new fastener distribution division had been added, four tool hire businesses bought, operating sites increased from 12 to 32, and a full listing obtained.

The dividend for the eight months is 1.2p, a pro rata increase of 20 per cent. Earnings per share were 4.1p (0.6p for the year to April 30).

British Biotech

British Biotech yesterday said it was confident that side effects in patients treated during trials of batimastat, one of the biotechnology group's most promising drugs, were not caused by the drug itself, writes Motoko Rich.

Mr James Noble, finance director, said that since the group suspended trials of the cancer drug at the advanced stage last month, it had gathered "more and more evidence" that a change in the manufacturing process, rather than the drug's biochemical action, had caused the side effects.

He said the company was seeking regulatory approval to resume tests in June. Trials of other strains of the drug, as well as of the group's oral anti-cancer drug, were proceeding satisfactorily.

Results of the first trials of the oral cancer drug will be announced at a meeting of the American Association of Cancer Research on March 21. Mr Noble said he expected to know whether the oral drug was having an effect on a range of cancers sometime this year.

British Biotech also announced third quarter pre-tax losses of £5.62m, against a deficit of £4.74m in the comparable period last time. This brings the losses for the nine months to January 31 to £17.9m.

Horace Small

Horace Small Apparel, the maker of uniforms and corporate clothing, reported pre-tax profits of £3.02m on turnover of £74.3m for the year to December 31, writes Peter Franklin.

The outcome compared with a loss of £2.44m on turnover of £71.8m last time, although those results had been dominated by restructuring charges of £4.4m.

Earnings per share came out at 11.5p (7.4p losses) and again there is no dividend. The last pay-out was made at the interim stage in the 1993 year.

The company recently won contracts from American Airlines and Air Canada, and to provide the necessary extra working capital it plans to launch a 1-for-10 rights issue at 90p a share to raise £2.6m net of expenses.

The company has also agreed additional facilities with its principal bankers which, together with the proceeds of the rights issue, will be sufficient to finance the new contracts as well as its existing businesses, the directors said.

Having put in place its financing arrangements, the company had entered into discussions which could lead to an offer being made at a price significantly above its current market price, the directors added.

Instem improves

Pre-tax profits at Instem, the USM-traded electronics and information systems group, edged ahead from £1.02m to £1.15m in 1994.

The advance was achieved on turnover of £16.8m (£19.3m), although Mr David Gare, chairman, stressed that the uneven nature of the projects business made comparisons misleading.

Order intake stood at a record £22m and should lead to increased sales this year, he added.

A proposed final dividend of 2.1p makes a total of 3.5p (3.1p), covered 4.8 times by earnings of 16.8p (14.8p) per share.

Litho Supplies up

Pre-tax profits at Litho Supplies rose from £4.63m to £5.37m in 1994, on turnover of £61.6m, up from £60.2m.

Operating profits at the supplier of printing and graphic arts products slipped from £5.7m to £5.42m. However, interest payable was just £144,000, compared with £1.14m last time.

Acquisitions contributed £160,000 to sales and £7,000 to operating profits.

The company said that price increases across its product range, combined with improvements in margins, should enable it to make further progress in the current year.

Earnings per share emerged at 14.2p (12.9p) and a proposed final dividend of 4.095p gives a total of 6.825p for the year.

A dividend of 0.7p was paid last time for the period between flotation in November 1993 and that year-end.

Calderburn at £5m

Pre-tax profits more than doubled, from £2.11m to £5.06m, at Calderburn, the office products and specialised furniture group, in 1994.

The figures include a full year's contribution from Specialised Banking Furniture (International), acquired in December 1993 and the results of Neville Johnson (Offices) from December 6 1994.

Turnover jumped to £56.6m (£26.7m). Earnings per share came through at 12.1p (5.7p) and a recommended final dividend of 5.1p (4.9p) lifts the total to 8p (7.7p).

Old English Pub

The Old English Pub Company is planning to come to the market via a placing and offer for subscription of up to 5m shares at 50p each.

Shares in OEPC, which owns and operates 20 "character" public houses in the north home counties and East Anglia, will be traded under Rule 4.2.

The company plans to acquire another 40 free houses over the next three years.

It had pre-tax profits of £142,000 for the year to January 1 1995 and has projected a pre-tax result of £465,000 on sales of £5.67m for the current year.

COMMODITIES AND AGRICULTURE

Wheat Council director urges renationalisation of EU agricultural support

By James Harding

The diversity of climate and agricultural practice in the expanding European Union called for the renationalisation of farmers' support payments, a senior official of the International Wheat Council said yesterday.

In line with his observation that "the *raison d'être* of agricultural support is under debate", Mr Bill De Maria, assistant executive director at the IWC, proposed that more agricultural assistance should be distributed at a national level.

Speaking on the future of the international grain market to British farmers in Peterborough, Mr De Maria said: "It would prove impossible to devise a coherent policy suitable for simultaneous application in remote areas of Finland and specialised grain-growing regions such as East Anglia and the Paris Basin".

The differences "have led to suggestions for the renationalisation of certain elements of the CAP," he said.

He went on to suggest that national governments, which already have the authority to administer area set-aside payments, "could in future be allocated negotiated amounts from the EC budget" to finance certain supports, particularly environmental protection measures.

Mr De Maria also gave an assessment of the outlook for global supply and demand for wheat and coarse grains.

World grain output was likely to match consumption growth over the next 30 years and supply was likely to exceed demand between now and 2000, he predicted.

Such forecasts, as well as being subject to the weather, depended on responsible government management of surplus stocks, he warned. Recently the operation of carry-over stocks had been passed into private hands, but they must still function within official guidelines, he suggested.

Giving what he called tentative forecasts, Mr De Maria said he expected wheat consumption to rise to 600m tonnes from 565m tonnes over the next five years, but that would more than be matched by a total harvest of 650m tonnes.

Similarly for coarse grains, rising production, considering the under-exploited areas in South America, would easily outstrip the increase in consumption to 900m tonnes in 2000 from the current 800m tonnes.

Rising consumption was also forecast to boost trade, with the bulk of the expansion in Africa and Asia.

In the longer term, Mr De Maria believed increases in grain production, thanks largely to developments in farming techniques and biotechnology, would be enough to meet the 50 per cent growth expected in world population by 2025. However, over the period the matching of supply and demand would remain uneven, leaving some regions of the world suffering periodic shortfalls.

Report says EU banana regime benefits consumers

By Deborah Hargreaves

The European Union's controversial banana import policy has led to lower consumer prices and an overall benefit to the public of between $600m and $800m a year compared with the national rules it replaced, according to a study by economists Euro PA.

The study, commissioned by the Caribbean Banana Exporters' Association, challenges a report by Mr Brent Borrell, a consultant, who claimed in January the new regime was $700m more expensive than previous regulations.

The latest report says Mr Borrell's was wrong in his $2.3bn estimate of the cost of the policy to consumers. It puts it at between $800 and $1bn, compared with 1.6bn under the national regulations.

The EU's current banana regime replaced national restrictions on imports after the move towards a single market in 1993. It has been condemned by a dispute panel of the General Agreement on Tariffs and Trade and is under investigation by the US.

The Euro PA report points out that consumer prices for bananas have risen rapidly in Germany since the introduction of the regime, but for reasons not associated with the new rules. In other EU countries prices have fallen or risen modestly.

Chiquita, the large Latin American exporter of so-called "dollar bananas", has manipulated the German market to raise its margins, blaming the effect on the EU's regime, the report maintains.

The regime secures preferential access for traditional African, Caribbean and Pacific producers to the EU market. Mr Borrell argued that it would be cheaper to grant direct aid to ACP countries rather than import their bananas.

However, Mr Bernard Cornibert, trade representative for the Windward Islands, said: "The direct aid argument ignores all the other benefits we get from the banana trade. Aid is the most inefficient way to help developing countries because it never gets used properly".

NZ growers profit as wool stockpile shrinks

Prices for carpet-making types recently reached five-year highs, writes Terry Hall

Prices of New Zealand carpet style wools recently reached five-year highs as the world textile industry readied itself for reduced quantities in the coming season.

The Christchurch market indicator gained 30 cents in two weeks to reach NZ$5.82 (US$3.67) a kilogram at an action last month. The biggest rise was for the crossbred style wools used in carpet-making. New Zealand is the world's major supplier of this type of wool. Buyers from China, Iran, India, Nepal, Britain and other west European markets were active.

Prices for fine wool merino, used in clothing, were steady.

The rise follows a forecast by Wools of New Zealand, as the old Wool Board is now known, which says that supplies of New Zealand wool will fall by 10 per cent from February to June because production drops and the elimination of its stockpile.

Rising demand has facilitated a steady erosion of the stockpile. Four years ago the New Zealand wool industry faced a major financial crisis and the board was forced to follow Australia's lead and stop supporting the market. At that stage it held around 80,000 tonnes in store, or 650,000 bales, presenting a major disposal problem. Similar stockpiles existed elsewhere – Australia had a mountainous 4.6m bales, while South Africa and Britain were also holding big stocks.

The New Zealand government – unlike Australia's – refused to help; but an orderly reduction was managed without flooding the market, or depressing prices. The remaining board stocks are now tending to fetch higher prices than at auction.

So far this season 95,000 bales have been sold, well ahead of the pace required to reach the target of 100,000 bales for the year to June 30. The 77,700 bales left to be disposed of represents only three weeks' production, or 5 per cent of the annual wool clip. The gradual running down of the stockpile was been a key factor in the price advance January and February sales.

Mr Patrick Conway of Wools of New Zealand suggests overseas buyers may face a dilemma when they try to pass on the higher prices they are being forced to pay, because consumer demand has not increased significantly, and appears likely to strengthen only moderately over the coming year.

Mr Peter Crone of the Council of Wool Exporters says, however, that the upward trend in prices can be expected to continue, with fluctuations, helped by a reawakening of demand from the Indian sub-continent, and improving international economic indicators.

Wools of New Zealand says that total supply of New Zealand wool this season will be about 225,000 tonnes (clean), including 20,000 tonnes from the stockpile. In the 1995-96 season supply is projected to fall further to about 207,000 tonnes because of the reduction of the stockpile and a fall in new wool production to 203,000 tonnes.

It says exports of New Zealand wool to most developed countries rose in the six months to December 31.

Wools of New Zealand says retail demand has started to improve in Germany, the largest single market for wool carpets. Wool exports to Germany were up 17 per cent in the first half of the season. Much of this, however, was fine wool for use in the apparel industry. German consumers are tending to spend on purchases of high priority items deferred during the recession rather than on carpets, Wools of New Zealand says.

Wool use in carpet making rose by 12 per cent in Britain in the six months to December 31. British buying is expected to level off over the rest of the year.

Belgium is second only to Britain in the production of wool carpets, but most is re-exported. Local Belgian demand has been weak but exports to the US were up 66 per cent and to Japan by 24 per cent. Belgium bought 9 per cent more wool, to reach a total of 6,750 tonnes in the first half of the season. A 10 per cent rise in housing starts in Japan did not translate to increased demand for home furnishings. Wool carpet production in Japan declined, but imports of wool carpets, mainly from China, rose by nearly 50 per cent in the period, thanks to the strong Yen. New Zealand wool exports to Japan rose by 5 per cent.

Its exports to the booming Chinese economy, and to Hong Kong were up 28 per cent, and accounted for a third of all wool exports.

Chilean copper output seen buoyant

By Kenneth Gooding, Mining Correspondent

Chile's copper production will rise by more than 14 per cent this year, from 2.23m tonnes in 1994, to 2.55m tonnes, according to Mr Sergio Hernandez, the country's mining undersecretary.

But analysts thought the estimate, given in an interview with Reuters, was very conservative, as was Mr Hernandez's forecast that copper prices in 1995 could average US$1.10 a pound ($2,424 a tonne).

Mr Nick Moore analyst at Ord Minnett, an associate of Jardine Fleming, said: "Our Chilean estimates see expansion of well over 400,000 tonnes this year." The list included a full year of production from Phelps Dodge's La Candelaria (115,000 tonnes a year) while Cominco's Quebrada Blanca operation would go to its full 70,000 tonnes a year. Other notable increases were the 200,000 tonnes a year planned at Escondida, now the world's biggest copper mine, in which BHP and RTZ are shareholders, and the imminent commissioning of Outokumpu's 125,000 tonnes a year Zaldivar mine. "There are a host of smaller operations," said Mr Moore.

Chile's copper output is expected to continue to grow substantially for some years to come. Mr Marcos Lima, vice-president finance and administration at Codelco, the country's state-owned group, said recently that Chile's share of world copper output, which was 22 per cent in 1990, would climb to 31 per cent this year and by the year 2,000 would reach 42 per cent.

● China's zinc exports would fall this year because domestic prices were too high and last year's exports were above normal, traders at the China Nonferrous Metals Fair said yesterday, reports Reuters from Hongkong. "Unless London Metal Exchange prices rise above $1,150 [a tonne], people just won't export," said Mr Mo Shangwen, of China National Non-ferrous Metals Import & Export Guangxi.

Energy agency forecasts slower oil demand growth

By Deborah Hargreaves

World oil demand is set to grow this year, but the rate of growth in the first quarter will be slower than previously expected, according to the latest report by the International Energy Agency, the west's monitoring body.

The agency has revised downwards its expectations for demand growth in the first quarter of this year to 700,000 barrels a day, which will lead to global demand of 70m b/d. Demand in the US and Russia is projected to be lower than previously forecast in the first quarter.

Russian exports in the first two months have been running at a higher rate than expected at 2m b/d, despite lower production levels in January and February. Production in the former Soviet Union dropped in January by 150,000 b/d to 6.16m b/d and by 120,000 b/d in February to 6.04m b/d.

The IEA said that supply from the Organisation of Petroleum Exporting Countries rose slightly in February to 25.2m b/d largely as a result of higher output from Iran, Saudi Arabia and Qatar.

Production from non-Opec countries dropped by 170,000 b/d in February to 41.98m b/d after maintenance programmes in the North Sea and bad weather in other countries temporarily closed some platforms.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1810-11	1847-7.5
Previous	1812-3	1848-9
High/low	1839.5/1838	1880/1840
AM Official	1839-40	1874-4.5
Kerb close		1851-2
Open int.	225,703	
Total daily turnover	74,825	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1820-30	1835-45
Previous	1835-40	1845-50
High/low		1845/1844
AM Official	1840-5	1850-5
Kerb close		1845-50
Open int.	2,850	
Total daily turnover	559	

■ LEAD ($ per tonne)

Close	577-8	592-3
Previous	584-5	599-600
High/low	585/584.5	606/593
AM Official	584.5-5.0	598-600
Kerb close		598-9
Open int.	38,500	
Total daily turnover	6,276	

■ NICKEL ($ per tonne)

Close	7845-65	7780-800
Previous	7650-60	7790-800
High/low		7925/7860
AM Official	7745-50	7861-2
Kerb close		7820-25
Open int.	57,791	
Total daily turnover	13,669	

■ TIN ($ per tonne)

Close	5460-80	5520-40
Previous	5400-10	5485-95
High/low	5410/5405	5580/5520
AM Official	5510-15	5570-75
Kerb close		5545-50
Open int.	19,573	
Total daily turnover	4,373	

■ ZINC, special high grade ($ per tonne)

Close	1026-7	1052-2.5
Previous	1027-8	1053-4
High/low	1033	1059/1052
AM Official	1033-34	1059-60
Kerb close		1057-8
Open int.	100,568	
Total daily turnover	19,972	

■ COPPER, grade A ($ per tonne)

Close	2899-901	2898-900
Previous	2907-8	2901-2
High/low	2913/2912	2916/2899
AM Official	2913-4	2911-12
Kerb close		2901-2
Open int.	236,790	
Total daily turnover	92,324	

■ LME AM Official £/$ rate: 1.6113
LME Closing £/$ rate: 1.6160

Spot:1.6159 3 mths:1.6141 6 mths:1.6105 9 mths:1.6062

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Mar	137.10	-0.20	137.90	136.70	8,593	815
Apr	135.00	-0.50	134.80	134.80	1,679	93
May	133.80	-0.40	134.75	133.10	23,186	7,699
Jun	132.45	-0.40	131.80	131.80	591	16
Jul	131.00	-0.40	132.10	130.50	5,737	1,588
Aug	129.45	-0.40	129.10	129.10	386	4
Total					47,096	10,613

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	381.40-381.80		
Opening	380.15-380.55		
Morning fix	381.00	236.177	445.199
Afternoon fix	380.90	234.906	440.092
Day's High	381.80-382.20		
Day's Low	380.20-380.60		
Previous close	381.20-381.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....4.34 6 months 5.07
2 months ....4.57 12 months 5.51
3 months 4.73

Silver Fix	p/troy oz.	US cts equiv.
Spot	286.95	483.10
3 months	290.70	488.60
6 months	295.75	475.75
1 year	307.46	491.80

Gold Coins	$ price	£ equiv.
Krugerrand	382-385	237-240
Maple Leaf	391.50-393.95	-
New Sovereign	88-91	54-57

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Mar	381.1	+1.5	-	-	6	-
Apr	382.4	+1.5	383.8	381.4	85,972	49,351

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	109.70	+0.55	109.70	109.10	205	52
May	111.10	+0.70	111.00	110.30	2,012	94

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	2225	+30	2226	2205	421	108
Apr	2233	+48	2235	2200	1,088	142
May	2197	+42	2199	2175	578	82
Jul	1949	+39	1949	1920	883	111
Oct	1925	+40	1925	1910	914	76
Jan	1845	+36	1840	1825	128	26
Total					4,012	545

	Close	Prev
BFI	2111	2090

Wool

While wool markets remained reasonably steady and firm at this week's sales, prices from an overseas viewpoint were erratic as a result of an onset of currency volatility. Weakness in the US and Australian dollars tends to keep wool costs down for major wool using countries, and in Europe strength in the German mark and weakness in the lira both have relevance to international trade in wool products. The Australian Eastern market indicator closed just 5 cents up compared with a week ago, at 840 cents a kg. Prices for wool, tops and yarn down the trading and processing line fluctuated with currencies and for finer merinos were generally lower than a week ago until the recent currency recoveries led to closer comparisons.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	989	-41	1027	996	5,436	551
May	996	-28	1025	994	23,574	10,700

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	72.300	-0.075	72.550	72.125	40,916	11,912
Jun	66.025	-0.050	66.150	65.700	19,008	4,312

LONDON TRADED OPTIONS

■ ALUMINIUM (99.7%) LME

	Calls Aug	Calls Dec	Puts Aug	Puts Dec
1800	169	212	104	140
1900	122	167	155	190
2000	86	130	216	248

■ COPPER (Grade A) LME

	Aug	Dec	Aug	Dec
2700	177	133	42	107
2800	116	91	79	159
2900	71	52	131	193

■ COFFEE LCE

	May	Jul	May	Jul
3000	288	330	39	139
3050	260	301	51	160
3100	216	274	67	183

■ COCOA LCE

	May	Jul	May	Jul
1025	20	47	49	72
1050	13	38	67	88
1075	8	31	87	106

■ BRENT CRUDE IPE

	Apr	Jul	Apr	Jul
1650	24	63	9	62
1700	3	58	35	92
1750	-	38	82	127

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Apr)

		+or-
Dubai	$16.34-6.38z	-0.08
Brent Blend (dated)	$16.56-6.59	-0.145
Brent Blend (Apr)	$16.66-6.69z	-0.115
W.T.I. (1pm est)	$18.09-8.11	-0.22

■ OIL PRODUCTS NWEprompt delivery CIF (tonne)

Premium Gasoline	$172-174	
Gas Oil	$145-146	
Heavy Fuel Oil	$108-110	
Naphtha	$174-175	+0.5
Jet fuel	$167-168	-1.5
Diesel	$150-151	-2

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$381.60	+0.20
Silver (per troy oz)♣	460.60c	
Platinum (per troy oz.)	$417.50	+0.25
Palladium (per troy oz.)	$155.00	-2.50
Copper (US prod.)	142.0c	+1.0
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	14.20m	+0.76
Tin (New York)	260.50c	+4.00
Cattle (live weight)†	120.97p	+0.10*
Sheep (live weight)†♠	124.87p	+2.00*
Pigs (live weight)	91.27p	+0.97*
Lon. day sugar (raw)	$353.6	-6.1
Lon. day sugar (wte)	$379.0	-1.0
Tate & Lyle export	£333.0	
Barley (Eng. feed)	£104.0	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (Apr)♥	118.0p	-0.5

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 9	Mar 8	month ago	year ago
2331.2	2325.9	2321.6	1801.9

■ CRB Futures (Base: 1967=100)

Mar 8	Mar 7	month ago	year ago
233.50	234.69	231.75	226.63

JOTTER PAD

CROSSWORD

No.8,707 Set by ANTARES

ACROSS

1 After jerks, fix a currency (6)
4 Arranged hair with struggle for tea-party (3,5)
9 Trustee finally allowed to draw out (6)
10 Stretch a leg – note how it moves (8)
12 Pedigree guide written for the boss? (4-4)
13 Took care, but was upset (6)
15 Sketch daughter with no experience (4)
16 Free rendition of airborne troops' expression? (10)
19 Second city team nearly broke into a luxury house (5,5)
20 So smooth, this lawyer (4)
23 Think of excuse (6)
25 He's accessible to all, an innkeeper (8)
27 In moving barge, spot Scottish player (8)
28 Readily encashable – for £51 (6)
29 Learned exposition of verbal agreements (8)
30 Drum for the piper's son? (3-3)

DOWN

1 Happy to be paid to accept financial agreement (7)
2 Drug of the upper class (9)
3 Hat used by Svengali (6)
5 Hybrid fruit – sounds repulsive (4)
6 Staircase goes round an elevated window (8)
7 Look after railway employee (5)
8 Alerted to work pedal (7)
11 Nuclear missile points due north (7)
14 Fawkes such a patsy? (4,3)
17 Famous victory against Bank of England governors (9)
18 After wedding, German is a sort of Irishman (8)
19 A Yugoslav swallows first of brandy from tumbler (7)
21 All the animals once offered in exchange for a horse (7)
22 Deviant white let out on bail (6)
24 View fish (5)
26 Untidy dining-room? (4)

Solution 8,706

TRAINS SPOTTERS / LIMOUSINE UNLIT / SASH ATTENDANCE / ANISEED SURETY / REPORT CUNNING / BEWILDERED SKIT / ATTIC TRUCULENT / STRESSED CEASED

INTERNATIONAL CAPITAL MARKETS

Treasuries volatile as investors await payroll data

By Lisa Bransten in New York and Graham Bowley in London

US Treasury prices were volatile yesterday as the dollar first held steady and then resumed its fall against the D-Mark and the yen.

At midday, the benchmark 30-year Treasury was up $\frac{1}{32}$ at $100\frac{21}{32}$ to yield 7.534 per cent. At the short end of the market, the two-year note was up $\frac{1}{32}$ at $100\frac{1}{32}$, yielding 6.839 per cent.

For most of the morning the long and short ends of the market moved in tandem with the dollar. Prices were relatively steady early, as the dollar clung to its levels of late Wednesday. However, they later dropped as the currency resumed its slide. A weak dollar generally hurts the bond market by deterring foreign investors from holding US securities.

By late morning, the dollar began regaining ground, taking bonds with it. Still, it remained lower than it had been late on Wednesday. Near noon, the dollar was at DM1.3910 and Y90.38, against DM1.3935 and Y91.33 late on Wednesday.

Also of concern to bond investors was the release of February jobless figures scheduled for this morning. The median economic forecast has the unemployment figure rising slightly to 5.7 per cent from 5.6 per cent in January.

Some analysts believe that if the figure is lower, the Federal Reserve will be more likely to raise interest rates again at or before the March 28 meeting of its Open Market Committee.

■ European government bond markets were also volatile yesterday, buffetted by US Treasuries and with investors continuing to keep a nervous eye on developments in the currency markets.

GOVERNMENT BONDS

Yield spreads over German government bonds generally widened. Attention today will be firmly on the key US non-farm payroll data.

■ German government bonds ended broadly unchanged on the day, with the June bund contract on Liffe down 0.01 at 90.23 in late trade after falling below 90.00 earlier in the session.

Bunds started higher after recent gains, but fell back with little follow-through buying and some profit-taking, dealers said.

"No-one is prepared to take a position in the cash market until it is clearer what is happening to exchange rates, until we have the non-farm payroll data, and until the next move on German interest rates," said Mr Sanjay Joshi at Daiwa in London.

The short end of the curve was supported by earlier comments from Bundesbank central council member Mr Hans-Jurgen Krupp and president Mr Hans Tietmeyer that there may be scope for further cuts in interest rates. This helped smooth currency markets, dealers said.

"But the long end suffered slightly on fears that the IG Metall wage settlements are more inflationary than initially feared," said one Frankfurt trader.

Mr Klaus Baader, of Lehman Brothers, said market sentiment continued to be dominated by uncertainty in the currency market. "Currency pressures have also triggered concerns that the Bundesbank might act soon to cut interest rates in a concerted action between central banks," he said.

Futures markets saw a marked increase in volatility caused by the expiry of the March bund contracts on Liffe and on the DTB.

Rumours that one player was in trouble meeting its margin calls on equity futures swept the market in Germany, causing further volatility. "Bonds benefited slightly on some flight to quality," said one trader. In the short-term money markets, the June euro-deutschmark contract rallied by 10 ticks, indicating a damping of expectations of German interest rate rises. The contract rose from 94.68 to 94.78.

■ Gilts followed bunds, with the yield spread over Germany largely unchanged at 149 basis points.

"It was a quiet market with sterling more stable, and with uncertainty in the currency market deterring some cross-border flows," said Mr Andrew Roberts, gilts analyst at UBS. However, he said there were some substantial domestic flows, with heavy futures selling, particularly in the 10-year area.

■ French bonds moved lower, with prices dominated by movements in Germany and the US.

Italian bonds remained volatile, with the June futures contract moving in a wide one-point range before settling at 92.75, down 0.45.

S African group in first post-apartheid medium-term loan

By Graham Bowley

Eskom, the state-owned South African electricity generator, yesterday launched a $100m five-year syndicated loan arranged by J.P. Morgan.

It was the first medium-term loan for a leading South African borrower on international capital markets since the end of apartheid, J.P. Morgan said.

The issue follows short-term deals for other South African borrowers such as the $200m loan for First National Bank launched last month.

Eskom had planned to launch an international bond offering earlier this year, following the Republic of South Africa's $750m debut offering in December.

However, Eskom turned instead to the syndicated loans market after turbulence in the so-called emerging markets following the devaluation of the Mexican peso pushed out yield premiums to prohibitive levels.

The republic's offering, initially launched at a yield spread of 193 basis points over US Treasuries, widened to 300 basis points as the Mexico crisis deepened.

The revolving credit facility carries a cost of 87.5 basis points above the London inter-bank offered rate for the first three years, rising to 112.5 basis points over Libor for the last two years.

The commitment fee on the loan is 37.5 basis points. Up-front fees for banks who take $15m as lead managers are 60 basis points, for managers who take $10m 50 basis points and for co-managers who take $5m, 40 basis points.

Commerzbank of Germany and Industrial Bank of Japan are the co-arrangers on the deal.

Shanghai group agrees Yn5m offering

By Tony Walker in Beijing

Pingjie Marine Products has become the first non-state enterprise in Shanghai to issue bonds, the Shanghai Securities News reported yesterday.

The company, the largest privately-owned enterprise in Shanghai, had floated Yn5m in corporate bonds. The issue was underwritten by the Pudong Development Bank of Shanghai.

The issuance of such debt by a private institution is expected to set a pattern for other similar capital raisings. The funds will be used to cover a capital shortfall, according to Securities News.

The newspaper said a local ratings agency had given an A-2 rating to the bonds, which were purchased mainly by institutional investors.

Indian GDR issue priced at $12.79

By Conner Middelmann

Ashok Leyland, the truck-maker owned by India's Hinduja Group, yesterday priced a $105m issue of global depositary receipts, the first Indian GDR issue this year.

The certificates, which each represent three ordinary shares, were priced at $12.79 – the equivalent of Rs135 a share, representing a 12.9 per cent discount to the shares' current market price of Rs155.

"That's a competitive discount compared with the secondary market, where many issues still trade at more than a 20 per cent discount," said Mr Roddy Sale, of Jardine Fleming Bombay. The issue was joint lead-managed by Jardine Fleming and UBS.

Ashok Leyland's main shareholder LRLIH, jointly owned by the Hinduja Group and Fiat subsidiary Iveco, took up 50.9 per cent of the offering.

Commerzbank in A$125m deal

By Martin Brice

The recent slowing of eurobond issuance dried almost to a trickle yesterday, as continued turbulence on markets took its toll.

INTERNATIONAL BONDS

Commerzbank Overseas Finance raised A$125m with a five-year deal carrying a coupon of 10.25 per cent, brought via Hambros.

This was the third Australian dollar deal for Commerzbank handled by Hambros, which said the bonds brought in September at 17 basis points over the comparable government bond had tightened in to 20 under, and those brought in December at 13 over had tightened in to 4 under.

Yesterday's deal was prompted by significant turnover in the five-year sector of the secondary market for Australian dollar bonds, said Hambros. Sales were largely to retail and small institutional investors in Benelux, Germany and Switzerland, with some to Asian investors.

Hambros pointed out that about A$270m of bonds have yet to mature in March, and A$290m in April.

NatWest Securities brought a $75m convertible for Multicare Companies, a US health-care provider, which plans to use the money to refinance debt. Demand for the seven-year deal, callable after three years and with a coupon of 7 per cent, came largely from Swiss and other European institutions. There is a conversion premium of 19.5 per cent.

Other eurobonds were aimed at domestic investors. Commerzbank handled a five-year DM500m floating-rate note for L-Bank, which carried a coupon of 5 basis points under six-month Libor. With a price of 100.05 and fees of 20 cents, syndicates would own the deal at 2 basis points under Libor.

A fixed-rate bond issue from L-Bank would often give it funds at around 15 basis points under Libor.

GECC raised L150bn with a one-year and a day offering handled by SBC, which had two large lead orders out of Italy. The bonds carried a coupon of 11.375 per cent, and was targeted at European retail investors.

● Issuance in the lira sector is running ahead of last year's levels, according to Euromoney Bondware. In January and February 1994, there were 22 lira eurobonds, at $3.65bn equivalent. This year the figures are 28 issues and $3.93bn.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Multicare Companies(a)§	75	7.00#	100.00	Mar.2003	3.00	-	NatWest Securities
SWISS FRANCS							
Eurofima	250	5.25	101.30	Apr.2002	2.50	-	Swiss Bank Corp.
ITALIAN LIRE							
GECC	150bn	11.375	101.00	Apr.1996	1.00	-	Swiss Bank Corp.
AUSTRALIAN DOLLARS							
Commerzbank O'seas Finance	125	10.25	101.365	Apr.2000	2.00	-	Hambros Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Conversion price: $26. Callable from 15/3/98 at par. Greenshoe: 15%.

Repsol mandates BBV and Goldman for offer

By Conner Middelmann

Repsol, the Spanish oil group, has mandated Banco Bilbao Vizcaya and Goldman Sachs as global co-ordinators for its forthcoming share offering.

The state-owned Instituto Nacional de Hidrocarburos, which holds 40.5 per cent of Repsol, is planning to sell up to 45m shares, or 15 per cent of Repsol's share capital, worth some Pta165bn at current market prices.

The institutional offering comprises five tranches: Spain, US, continental Europe, UK and rest of the world.

The domestic tranche will be lead-managed by Banco Central Hispano, with Argentaria, BBV and Banco Santander de Negocios as co-managers.

The continental European portion will be led by Argentaria and Paribas, the UK tranche by Santander and S.G. Warburg, and the rest of the world by CS First Boston. No information regarding the US tranche will be published until the prospectus has been filed with the Securities and Exchange Commission.

The domestic retail tranche will be offered at a 5 per cent discount to the institutional price.

As an added incentive, Repsol will reimburse retail investors for any fall in the market price of up to 10 per cent from the offer price during the 12 months following the issue.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	92.6300	+0.740	10.23	9.96	10.18
Austria		7.500	01/05	98.9500	+0.100	7.65	7.63	7.62
Belgium		7.750	10/04	96.2200	+0.210	8.33	8.22	8.35
Canada *		9.000	12/04	102.0500	+0.400	8.68	8.75	9.30
Denmark		7.000	12/04	86.2000	+0.150	9.19	8.81	8.96
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	94.8600	-0.180	8.25	8.04	8.12
Germany Bund		7.375	01/05	99.6000	-0.050	7.43	7.39	7.44
Ireland		6.250	10/04	81.2500	-0.550	8.80†	8.80	8.78
Italy		9.500	01/05	80.3400	+0.440	13.12	12.65	11.99
Japan	No 119	4.800	06/99	104.9790	-0.300	3.51	3.70	3.76
	No 174	4.600	09/04	102.8590	-0.390	4.18	4.31	4.68
Netherlands		7.750	03/05	101.1800	-0.020	7.58	7.54	7.60
Portugal		11.875	02/05	98.6000	-1.050	12.14	11.66	11.64
Spain		10.000	02/05	85.9000	-0.630	12.53	11.80	11.80
Sweden		6.000	02/05	69.2790	-1.040	11.31	10.68	10.96
UK Gilts		6.000	08/99	90-17	+3/32	8.63	8.46	8.55
		8.500	12/05	98-14	-1/32	8.73	8.56	8.60
		9.000	10/08	102-10	-1/32	8.71	8.56	8.58
US Treasury *		7.500	02/05	101-09	+21/32	7.31	7.28	7.64
		7.625	02/25	101-00	+21/32	7.54	7.49	7.76
ECU (French Govt)		8.000	04/04	83.2800	+0.190	8.73	8.45	8.51

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

Prime rate	9	One month	5.95	Two year	6.94
Broker loan rate	6½	Two month	5.87	Three year	7.06
Fed.funds	5½	Three month	5.96	Five year	7.20
Fed.funds at intervention	-	Six month	6.28	10-year	7.36
		One year	6.56	30-year	7.57

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	111.02	110.52	-0.16	111.02	110.26	166,055	64,618
Jun	110.86	110.44	-0.06	110.86	110.20	76,957	81,670
Sep	110.64	110.08	-0.06	110.64	109.90	312	5,046

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
110	1.02	1.58	1.81	0.65	1.22	1.91
111	0.50	1.08	1.50	1.02	1.74	2.30
112	0.19	0.65	-	1.72	2.30	-
113	0.07	0.39	-	-	-	-
114	-	0.18	-	-	-	-

Est. vol. total, Calls 20,443 Puts 28,352. Previous day's open int., Calls N/A Puts N/A.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	90.50	90.20	-0.04	90.53	89.94	133195	164972
Sep	89.70	89.75	+0.01	89.70	89.70	3	1713

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
9000	0.57	0.87	1.10	1.28	0.37	0.67	0.90	1.51
9050	0.33	0.63	0.85	1.03	0.63	0.93	1.15	1.78
9100	0.17	0.43	0.65	0.84	0.97	1.23	1.45	2.09

Est. vol. total, Calls 15587 Puts 9107. Previous day's open int., Calls 142140 Puts 115864

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.56	92.75	-0.45	93.65	92.52	40708	53821
Sep	-	91.75	-0.45	-	-	0	14

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9250	2.31	2.61	2.06	3.36
9300	2.05	2.39	2.30	3.64
9350	1.81	2.19	2.56	3.94

Est. vol. total, Calls 1081 Puts 1292. Previous day's open int., Calls 28865 Puts 19579

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	82.25	80.69	-0.68	82.30	80.56	82,064	27,573
Jun	81.40	80.41	-0.70	81.70	80.20	9,210	23,158

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101-03	100-27	-0-02	101-03	100-16	3770	18615
Jun	101-12	101-01	-0-03	101-13	100-18	63903	84172

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
101	0-49	1-12	1-36	2-20	0-47	1-10	1-34	2-04
102	0-22	0-47	1-05	1-54	1-20	1-45	2-03	2-38
103	0-08	0-26	0-46	1-28	2-06	2-24	2-44	3-12

Est. vol. total, Calls 2641 Puts 4756. Previous day's open int., Calls 27622 Puts 43123

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	80.52	80.40	+0.06	80.60	80.22	5,291	3,986
Jun	80.48	80.38	+0.10	80.50	80.20	2,711	5,092

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	102-29	102-25	-	102-30	102-20	8,934	107,713
Jun	102-09	102-06	-0-01	102-15	102-02	408,821	257,290
Sep	101-26	101-24	-0-03	101-28	101-20	3,706	10,693

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	110.71	-	-	111.00	110.40	4284	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thur Mar 9	Day's change %	Wed Mar 8	Accrued interest	xd adj. ytd		Low coupon yield Mar 9	Mar 8	Yr. ago	Medium coupon yield Mar 9	Mar 8	Yr. ago	High coupon yield Mar 9	Mar 8	Yr. ago
1 Up to 5 years (24)	118.45	+0.05	118.39	1.41	2.53	5 yrs	8.69	8.71	6.44	8.72	8.72	6.65	8.87	8.88	6.77
2 5-15 years (21)	138.40	+0.02	138.38	2.07	2.57	15 yrs	8.61	8.61	7.13	8.74	8.74	7.23	8.94	8.95	7.48
3 Over 15 years (9)	153.42	+0.07	153.31	0.94	4.05	20 yrs	8.56	8.57	7.24	8.74	8.74	7.23	8.85	8.86	7.49
4 Irredeemables (6)	176.39	+0.06	176.29	2.50	1.47	Irred.†	8.60	8.61	7.35						
5 All stocks (60)	135.40	+0.04	135.34	1.67	2.80										

Index-linked							Inflation 5% Mar 9	Mar 8	Yr. ago	Inflation 10% Mar 9	Mar 8	Yr. ago
6 Up to 5 years (2)	189.16	+0.01	189.15	0.78	1.45	Up to 5 yrs	3.80	3.80	2.55	2.49	2.47	1.68
7 Over 5 years (11)	173.24	-0.08	173.38	0.94	0.80	Over 5 yrs	3.95	3.95	3.23	3.77	3.76	3.06
8 All stocks (13)	173.98	-0.07	174.10	0.92	0.86							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 9	Mar 8	Mar 7	Mar 6	Mar 3	Yr ago	High*	Low*
Govt. Secs. (UK)	90.63	90.53	90.35	91.04	91.13	101.07	107.04	89.54
Fixed Interest	108.99	108.77	109.16	109.68	109.95	122.82	133.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Mar 8	Mar 7	Mar 6	Mar 3	Mar 2
Gilt Edged bargains	109.6	100.6	77.4	88.8	89.6
5-day average	93.2	94.0	93.8	96.5	96.3

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 9

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	91¼	91½	+⅜	7.89
Alberta Province 7⅝ 98	1000	100⅜	100⅝	+⅛	7.46
Austria 8½ 00	400	104	104⅜	+¼	7.48
Bank Ned Gemeenten 7 99	1000	98⅝	98⅞	+¼	7.36
Bank of Tokyo 8⅜ 96	100	101	101½		7.34
Belgium 5½ 03	1000	85¼	85½	+⅜	7.91
BFCE 7¼ 97	150	101	101⅜	+¼	7.19
British Gas 0 21	1500	11⅞	12¼		8.32
Canada 9 96	1000	101¾	102		7.05
Cheung Kong Fin 5½ 98	500	89¾	90½		8.97
China 6½ 04	1000	86⅛	86¾		8.96
Council Europe 8 96	100	101	101¼	+⅛	7.18
Credit Foncier 9½ 99	300	105⅜	105⅝	+¼	7.57
Denmark 5¾ 98	1000	95⅞	96⅛	+¼	7.35
East Japan Railway 6⅝ 04	600	91¾	92⅛	+⅜	7.94
ECSC 8¼ 98	193	101⅜	101⅞	+⅛	7.34
EEC 8¼ 96	100	101¼	101½	+⅛	7.15
EIB 7¾ 98	250	101⅛	101⅜	+⅜	6.79
EIB 9¼ 97	1000	104⅝	104⅞	+¼	7.26
Elec de France 9 98	200	104⅛	104½	+¼	7.42
Eurofima 9¼ 98	100	102	102¼		7.12
Ex-Im Bank Japan 8 02	500	101½	101⅞	+⅜	7.71
Export Dev Corp 9½ 98	150	105⅝	106	+¼	7.51
Federal Natl Mort 7.40 04	1500	98⅝	98⅞	+⅜	7.75
Finland 6¾ 97	3000	98⅝	98⅞	+¼	7.45
Ford Motor Credit 6¼ 98	1500	96⅝	97	+⅛	7.68
Gen Elec Capital 9⅜ 96	300	102⅜	102⅝	+⅛	7.26
GMAC 9⅛ 96	200	101½	101¾		7.53
Ind Bk Japan Fin 7⅞ 97	200	100¼	100¾	+⅛	7.73
Inter Amer Dev 7⅝ 98	200	100½	100⅞	+⅛	7.21
Italy 6⅞ 23	3500	79⅜	79¾	+½	9.07
Japan Dev Bk 8⅜ 01	500	103½	103⅞	+¼	7.82
Kansai Elec Pwr 10 98	350	102¾	103	+⅛	7.19
Korea Elec Power 6⅜ 03	1360	87¾	88⅛	+⅜	8.55
LTCB Fin 8 97	200	100½	101	+⅛	7.66
Matsushita Elec 7¼ 02	1000	97⅛	97⅜	+½	7.92
Norway 7¼ 97	1000	100	100¼	+⅛	7.24
Ontario 7⅜ 03	3000	96¾	97	+½	8.09
Oster Kontrollbank 8½ 01	200	104⅜	104⅝	+⅜	7.58
Petro-Canada 7¼ 96	200	100	100½	+¼	7.22
Portugal 5¾ 03	1000	86⅞	87⅛	+⅜	8.04
Quebec Hydro 9¾ 98	150	105¾	106¼	+⅜	7.61
Quebec Prov 9 98	200	103⅛	103½	+⅜	7.81
Sainsbury 9⅛ 98	150	102⅜	102¾	+⅛	7.41
SAS 10 99	200	105¾	106⅜	+⅜	8.24
SNCF 9½ 98	150	105⅞	106¼	+¼	7.44
Spain 6½ 99	1500	95⅞	96⅛	+¼	7.59
State Bk NSW 8½ 96	200	101⅜	101⅝	+⅛	7.31
Sweden 6½ 03	2000	92⅛	92¼	+⅜	8.00
Swedish Export 8⅜ 96	700	101⅜	101⅝		7.24
Tokyo Elec Power 6⅛ 03	1000	89⅝	89⅞	+½	7.85
Tokyo Metropolis 8¼ 96	200	101⅜	101⅝	+⅛	7.30
Toyota Motor 5⅝ 98	1500	95¾	96	+¼	7.24
United Kingdom 7¼ 02	3000	98	98¼	+⅜	7.59
World Bank 8⅜ 99	1500	104⅛	104⅜	+¼	7.43
World Bank 8¾ 97	1500	103¼	103½	+⅛	7.06
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	83	83⅜	-¼	8.03
Credit Foncier 7¼ 03	2000	97⅝	98	+¼	7.66
Denmark 6⅛ 98	2000	98½	98⅝	+⅛	6.67
Depfa Finance 6⅜ 03	1500	92	92⅛		7.87
Deutsche Bk Fin 7½ 03	2000	99	99¼		7.67
EEC 6½ 00	2900	98	99¼		6.89
EIB 6¼ 00	1500	96⅜	96⅝	-⅛	7.12
Finland 7½ 00	3000	101¼	101¾		7.16
Italy 7¼ 98	5000	100¼	100¾	+⅛	6.95
LKB Baden-Wuert 6½ 08	2250	89¼	89¾	-⅛	7.81
Norway 6⅛ 98	1600	98⅝	98⅞		6.61
Ontario 6¼ 04	1500	89⅞	90		7.88
Spain 7¼ 03	4000	97½	97¾	-⅛	7.66
Sweden 8 97	2500	103	103¼	+⅛	6.70

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7⅛ 97	5500	101¾	101⅞	+⅛	6.36
Volkswagen Intl Fin 7 03	1000	95⅜	95⅞	+⅜	7.76
World Bank 0 15	2000	22½	22⅞	+¼	7.44
World Bank 5⅞ 03	3000	89⅜	89½		7.58
World Bank 8¾ 00	1250	110⅛	[illegible]	[illegible]	[illegible]
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	102	[illegible]	[illegible]	[illegible]
Austria 4½ 00	1000	98¼	[illegible]	[illegible]	[illegible]
Council Europe 4¾ 98	250	99¾	[illegible]	[illegible]	[illegible]
Denmark 4¼ 99	1000	97⅜	[illegible]	[illegible]	[illegible]
EIB 6¾ 04	300	107½	[illegible]	[illegible]	[illegible]
Elec de France 7¼ 06	100	109¾	[illegible]	[illegible]	[illegible]
Finland 7¼ 99	300	107½	[illegible]	[illegible]	[illegible]
Hyundai Motor Fin 8½ 97	100	106	[illegible]	[illegible]	[illegible]
Iceland 7⅜ 00	100	109	[illegible]	[illegible]	[illegible]
Kobe 6⅜ 01	240	105⅛	[illegible]	[illegible]	[illegible]
Ontario 6¼ 03	400	102¼	[illegible]	[illegible]	[illegible]
Quebec Hydro 5 08	100	86	[illegible]	[illegible]	[illegible]
SNCF 7 04	450	110	[illegible]	[illegible]	[illegible]
World Bank 5 03	150	98¼	[illegible]	[illegible]	[illegible]
World Bank 7 01	600	108⅝	[illegible]	[illegible]	[illegible]
YEN STRAIGHTS					
Belgium 5 99	75000	108⅛	[illegible]	[illegible]	[illegible]
EIB 6⅝ 00	100000	113¼	[illegible]	[illegible]	[illegible]
Finland 6¾ 96	50000	104½	[illegible]	[illegible]	[illegible]
Inter Amer Dev 7¼ 00	30000	115⅞	[illegible]	[illegible]	[illegible]
Italy 3½ 01	300000	94⅞	[illegible]	[illegible]	[illegible]
Japan Dev Bk 5 99	100000	108½	[illegible]	[illegible]	[illegible]
Japan Dev Bk 6½ 01	120000	113⅝	[illegible]	[illegible]	[illegible]
Nippon Tel Tel 5⅞ 96	50000	104⅞	[illegible]	[illegible]	[illegible]
Norway 5⅜ 97	150000	105¼	[illegible]	[illegible]	[illegible]
SNCF 6¼ 00	30000	113½	[illegible]	[illegible]	[illegible]
Spain 5¼ 02	125000	108⅝	[illegible]	[illegible]	[illegible]
Sweden 4⅝ 98	150000	104¼	[illegible]	[illegible]	[illegible]
World Bank 5¼ 02	250000	108¾	[illegible]	[illegible]	[illegible]
OTHER STRAIGHTS					
Genfinance Lux 9⅛ 99 LFr	1000	104¾	[illegible]	[illegible]	[illegible]
IKB Deut Industbk 8½ 03 LFr	3000	100½	[illegible]	[illegible]	[illegible]
World Bank 8 96 LFr	1000	100⅜	[illegible]	[illegible]	[illegible]
ABN Amro 6⅝ 00 Fl	1000	97¼	[illegible]	[illegible]	[illegible]
Bank Ned Gemeenten 7 03 Fl	1500	95⅛	[illegible]	[illegible]	[illegible]
AlbertaProvince 10⅝ 99 C$	500	101¾	[illegible]	[illegible]	[illegible]
Bell Canada 10⅝ 99 C$	150	105⅛	[illegible]	[illegible]	[illegible]
British Columbia 10 99 C$	500	101¾	[illegible]	[illegible]	[illegible]
EIB 10⅛ 98 C$	130	104⅝	[illegible]	[illegible]	[illegible]
Elec de France 9¾ 99 C$	275	103¼	[illegible]	[illegible]	[illegible]
Gen Elec Capital 10 96 C$	300	101⅝	[illegible]	[illegible]	[illegible]
KfW Int Fin 10 01 C$	400	103⅞	[illegible]	[illegible]	[illegible]
Nippon Tel Tel 10¼ 99 C$	200	105	[illegible]	[illegible]	[illegible]
Ontario 8 03 C$	1500	93½	[illegible]	[illegible]	[illegible]
Ontario Hydro 10⅞ 99 C$	500	106¼	[illegible]	[illegible]	[illegible]
Oster Kontrollbank 10¼ 99 C$	150	105	[illegible]	[illegible]	[illegible]
Quebec Prov 10½ 98 C$	200	104⅛	[illegible]	[illegible]	[illegible]
Belgium 9⅛ 96 Ecu	1250	101⅝	[illegible]	[illegible]	[illegible]
Council Europe 8 01 Ecu	1100	101	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 96 Ecu	125	101	[illegible]	[illegible]	[illegible]
EIB 10 97 Ecu	1125	103⅝	[illegible]	[illegible]	[illegible]
Ferro del Stat 10⅛ 98 Ecu	500	103½	[illegible]	[illegible]	[illegible]
Italy 10¾ 00 Ecu	1000	107⅜	[illegible]	[illegible]	[illegible]
Spain 9 96 Ecu	1000	101½	[illegible]	[illegible]	[illegible]
United Kingdom 9⅛ 01 Ecu	2750	102¼	[illegible]	[illegible]	[illegible]
AIDC 10 99 A$	100	98¼	[illegible]	[illegible]	[illegible]
Comm Bk Australia 13¾ 99 A$	100	110⅞	[illegible]	[illegible]	[illegible]
EIB 7¾ 99 A$	350	93¾	[illegible]	[illegible]	[illegible]
NSW Treasury Zero 0 20 A$	1000	7⅞	[illegible]	[illegible]	[illegible]
R & I Bank 7¼ 03 A$	125	84⅛	[illegible]	[illegible]	[illegible]
State Bk NSW 9 02 A$	300	91⅜	[illegible]	[illegible]	[illegible]
Sth Aust Govt Fin 9 02 A$	150	91⅛	[illegible]	[illegible]	[illegible]
Unilever Australia 12 98 A$	150	103⅞	[illegible]	[illegible]	[illegible]
Western Aust Treas 7¾ 98 A$	100	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 8 03 £	1000	91¾	91⅞	+⅛	9.51
Alliance Leics 11⅜ 97 £	100	104⅞	105¼		8.77
British Land 8⅞ 23 £	150	88½	88¾		10.37
Denmark 8¼ 98 £	800	93¾	93⅞	+⅛	8.90
[illegible]					
FLOATING RATE NOTES					
[illegible]					
CONVERTIBLE BONDS					
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
[illegible]						

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
[illegible]						

• "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

CURRENCIES AND MONEY

MARKETS REPORT

Rumours drive Mexican peso down to fresh low

The peso was in trouble again yesterday as a swathe of rumours knocked confidence, prompting heavy selling, *writes Philip Gawith.*

Elsewhere currency markets continued to experience heavy trade, but price volatility was more subdued than earlier in the week.

The general mood was one of nervousness as traders and investors sought to come to terms with the sharp falls earlier in the week. The focus has now shifted to the monthly US jobs report today. The market view is that a strong report, which scotches talk of a soft-landing for the economy, reintroducing the prospect of further interest rate rises, could be the trigger for a turn in the dollar.

The peso closed in London at 7.45 pesos against the dollar, from 6.745 pesos.

The dollar finished at DM1.3904, up from DM1.3855, but off its high in Europe for the day of DM1.4150. Against the yen it was little changed at Y90.515, from Y90.645, but off a high of Y92.44.

Sterling traded in a fairly narrow 1¼ pfennig range, finishing at DM2.2508 from DM2.2494. Against the dollar it finished slightly lower at $1.6188, from $1.6235. The trade weighted index finished at 85.9, from 86. Sterling closed weaker against the yen, at Y146.526, from Y147.162, having fall below Y150 for the first time on Tuesday.

The D-Mark was firmer against most European currencies, but they finished above the historic lows reached earlier this week.

In Ireland the central bank raised the official short-term facility to 7.25 per cent, from 6.75 per cent. The Bank did not comment, but traders said it was aimed at shoring up the Irish punt which fell to a historic low against the D-Mark this week.

■ One of the main factors undermining the peso was concern that government had not set a date for announcing its economic plan. Comments from both business and labour groups indicate they may not support the plan, thus jeopardising the renewal of the *Pacto* agreement.

There have also been signs that opposition in the Mexican parliament to the terms of $20bn US aid package is rising.

A further problem for the peso was the rumour, later denied, that a government economic adviser had said the currency might cease to be convertible.

Mr Peter Luxton, economic adviser at MMS International in London, said the problems of the peso had dragged the dollar down to the low for the day of DM1.3815.

Following a volley of verbal support on Wednesday, the dollar received further backing from Mr Robert Rubin, treasury secretary. He said the administration was "fully committed" to the maintenance of the dollar as the world's main reserve currency.

He also countered doubts that loans to Mexico from the exchange stabilisation fund had compromised its ability to support the dollar, saying the fund remained "more than adequate".

Overnight in Europe the dollar had received the considerable support of Mr Hans Tietmeyer, president of the Bundesbank. He said: "In my view the dollar was undervalued and is undervalued. The D-Mark is in some aspects a bit overvalued."

Mr Ian Harnett, UK group chief economist at Societe Generale in London, said the fact that the dollar had climbed back above DM1.3860, the previous all time low, and stayed there, was a stabilising factor in the market.

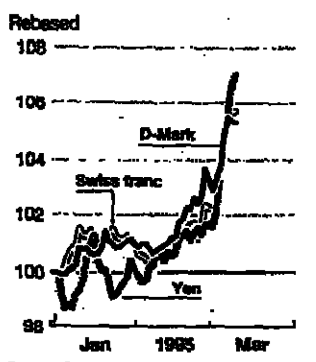
■ The Bank of England dealt at established rates in its money market operations, apparently confirming that interest rates had been left unchanged after the monthly monetary meeting on Wednesday. The Bank provided £200m assistance towards clearing a £250m shortage. Three month LIBOR eased to 6¾ per cent from 6 13/16 per cent.

Futures markets responded positively with the June short sterling contract finishing at 92.33 from 92.28.

Mr Harnett said sterling appeared to have returned to its position on the sideline, having briefly been in the firing line earlier in the week. In his first comments on the currency crisis, Mr John Major, the prime minister, restated his view that there was "no prospect" of sterling rejoining the ERM "for some time".

He also said sterling was not shadowing the D-Mark "and I don't anticipate that we are going to."

Trade-weighted indices



Source: Datastream

■ Pound in New York

Mar 9	Latest	Prev. close
£ spot	1.6160	1.6090
1 mth	1.6154	1.6085
3 mth	1.6142	1.6072
1 yr	1.6017	1.5950

■ OTHER CURRENCIES

Mar 9	£	$
Hungary	180.165 - 180.439	111.330 - 111.430
Iran	2830.31 - 2832.17	1748.00 - 1750.00
Kuwait	0.4780 - 0.4795	0.2960 - 0.2961
Poland	3.8111 - 3.8215	2.3550 - 2.3680
Russia	7532.38 - 7533.58	4652.00 - 4655.00
U.A.E.	5.9430 - 5.9480	3.6724 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

Mar 9		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.8440	+0.0103	333 - 546	15.9188	15.6810	15.8316	0.9	15.7978	1.2	-	-	107.9
Belgium	(BFr)	46.7890	+0.2396	462 - 318	46.8330	46.2070	46.764	0.6	46.799	-0.1	46.379	0.9	109.6
Denmark	(DKr)	9.1288	+0.0851	191 - 385	9.1387	8.9981	9.1342	-0.7	9.1214	0.3	9.1021	0.3	106.8
Finland	(FM)	6.9858	-0.0213	796 - 920	7.0490	6.9410	-	-	-	-	-	-	86.9
France	(FFr)	8.0162	+0.0091	125 - 199	8.0358	7.9814	8.0025	2.0	7.981	1.8	8.0312	-0.2	108.5
Germany	(DM)	2.2508	+0.0014	494 - 521	2.2654	2.2400	2.2479	1.6	2.2412	1.7	2.2028	2.1	114.1
Greece	(Dr)	365.849	-0.332	118 - 581	369.449	364.110	-	-	-	-	-	-	68.9
Ireland	(I£)	1.0041	-0.0014	031 - 050	1.0060	0.9992	1.0043	-0.2	1.0025	0.6	1.0042	0.0	96.2
Italy	(L)	2672.64	-6.14	858 - 670	2678.92	2632.71	2681.64	-4.0	2698.19	-3.8	2765.74	-3.5	67.2
Luxembourg	(LFr)	46.7890	+0.2396	462 - 318	46.8330	46.2070	46.764	0.6	46.799	-0.1	46.379	0.9	109.6
Netherlands	(Fl)	2.5311	+0.0106	299 - 323	2.5378	2.5172	2.5279	1.5	2.521	1.6	2.48	2.0	110.6
Norway	(NKr)	10.0738	+0.0401	691 - 785	10.1126	9.9745	10.0727	0.1	10.0706	0.1	10.059	0.1	99.4
Portugal	(Es)	237.357	+1.219	162 - 551	238.401	234.092	238.072	-3.6	239.757	-4.0	-	-	97.0
Spain	(Pta)	207.417	-0.204	272 - 562	207.635	204.704	208.037	-3.6	208.902	-2.9	213.182	-2.8	77.2
Sweden	(SKr)	11.4989	-0.1043	873 - 105	11.5946	11.4736	11.501	-0.2	11.5049	-0.2	11.5166	-0.2	79.9
Switzerland	(SFr)	1.8739	-0.0017	727 - 751	1.8917	1.8700	1.8694	2.9	1.8601	2.9	1.8113	3.3	113.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	85.9
Ecu	-	1.2304	+0.003	295 - 312	1.2337	1.2188	1.2309	-0.5	1.2298	0.2	1.2232	0.6	-
SDR†	-	1.056935	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6195	-0.0044	188 - 201	1.6246	1.5984	-	-	-	-	-	-	-
Brazil	(Cr)	1.4343	-0.0086	322 - 363	1.4426	1.4173	-	-	-	-	-	-	-
Canada	(C$)	2.2895	-0.0017	883 - 907	2.2985	2.2478	2.293	-1.6	2.2979	-1.5	2.2973	-0.3	80.2
Mexico	(New Peso)	12.0601	+1.11	945 - 257	12.2263	11.2173	-	-	-	-	-	-	-
USA	($)	1.6188	-0.0047	183 - 193	1.6245	1.5978	1.6183	0.4	1.617	0.5	1.6045	0.9	90.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1851	-0.0126	838 - 865	2.1865	2.1811	2.1873	-1.2	2.1925	-1.3	2.2182	-1.5	81.9
Hong Kong	(HK$)	12.5142	-0.0363	095 - 188	12.5574	12.3530	12.5144	0.0	12.5152	0.0	12.5104	0.0	-
India	(Rs)	51.3241	-0.2961	677 - 804	51.4840	50.7810	-	-	-	-	-	-	-
Israel	(Shk)	4.8129	-0.0156	065 - 192	4.8359	4.7718	-	-	-	-	-	-	-
Japan	(Y)	146.526	-0.636	424 - 628	147.930	146.150	145.996	4.3	144.861	4.5	138.741	5.3	158.8
Malaysia	(M$)	4.1247	-0.0128	226 - 268	4.1381	4.0794	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5077	-0.0104	059 - 094	2.5098	2.5036	2.5137	-2.9	2.5246	-2.7	2.5439	-1.4	96.2
Philippines	(Peso)	41.8784	-0.1216	845 - 723	41.9776	41.7746	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0711	-0.0178	689 - 733	6.0922	5.9981	-	-	-	-	-	-	-
Singapore	(S$)	2.2922	-0.0197	907 - 937	2.2985	2.2754	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.8463	+0.0463	404 - 522	5.8612	5.7605	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.1272	+0.0066	091 - 452	6.1455	6.0113	-	-	-	-	-	-	-
South Korea	(Won)	1269.73	-7.1	826 - 921	1273.12	1252.43	-	-	-	-	-	-	-
Taiwan	(T$)	42.2135	+0.0106	964 - 305	42.3580	41.6838	-	-	-	-	-	-	-
Thailand	(Bt)	40.1058	-0.1018	691 - 424	40.2230	39.6920	-	-	-	-	-	-	-

†SDR rates per £ for Mar 8. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 9		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	9.7875	+0.0347	839 - 910	9.9500	9.7390	9.7775	1.2	9.758	1.3	9.6732	1.2	107.9
Belgium	(BFr)	28.9035	+0.2312	860 - 210	29.1850	28.7100	28.8785	1.0	28.9285	-0.3	28.9035	0.0	109.7
Denmark	(DKr)	5.6393	+0.0688	350 - 435	5.6529	5.5938	5.6448	-1.2	5.6523	-0.9	5.6728	-0.6	106.9
Finland	(FM)	4.3154	-0.0006	129 - 179	4.4051	4.2918	4.3159	-0.1	4.3164	-0.1	4.3074	0.2	86.1
France	(FFr)	4.9520	+0.02	512 - 527	5.0060	4.9295	4.982	-2.4	4.9795	-2.2	4.987	-0.7	108.0
Germany	(DM)	1.3904	+0.0049	900 - 908	1.4150	1.3830	1.389	1.2	1.3861	1.3	1.3729	1.3	113.1
Greece	(Dr)	226.000	+0.45	000 - 000	229.900	225.000	228.5	-13.3	232.75	-11.9	250.5	-10.8	68.2
Ireland	(I£)	1.6123	-0.0023	111 - 134	1.6186	1.5930	1.6139	-1.2	1.6169	-1.1	1.6258	-0.8	-
Italy	(L)	1651.00	+1	900 - 300	1661.00	1641.47	1657.1	-4.4	1668.75	-4.3	1724	-4.4	66.5
Luxembourg	(LFr)	28.9035	+0.2312	860 - 210	29.1850	28.7100	28.8785	1.0	28.9285	-0.3	28.9035	0.0	109.7
Netherlands	(Fl)	1.5636	+0.0111	633 - 638	1.5840	1.5530	1.5622	1.1	1.5591	1.2	1.5457	1.1	109.8
Norway	(NKr)	6.2230	+0.0427	220 - 240	6.3087	6.1992	6.2185	0.9	6.21	0.8	6.186	0.6	96.5
Portugal	(Es)	146.625	+1.175	550 - 700	147.580	145.600	147.36	-6.0	148.405	-4.9	153.275	-4.5	97.4
Spain	(Pta)	128.130	+0.245	080 - 180	128.800	127.650	128.555	-4.0	129.2	-3.3	132.88	-3.7	76.6
Sweden	(SKr)	7.1034	-0.0436	984 - 083	7.2464	7.0956	7.1186	-2.6	7.1489	-2.6	7.2784	-2.5	79.0
Switzerland	(SFr)	1.1576	+0.0023	572 - 580	1.1830	1.1522	1.1551	2.6	1.1504	2.5	1.1288	2.5	112.9
UK	(£)	1.6188	-0.0047	183 - 193	1.6245	1.5979	1.6183	0.4	1.617	0.5	1.6045	0.9	85.6
Ecu	-	1.3157	-0.0072	153 - 161	1.3243	1.2980	1.3147	0.9	1.3138	0.6	1.3117	0.3	-
SDR†	-	0.64426	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0004	+0.0001	003 - 005	1.0008	1.0003	-	-	-	-	-	-	-
Brazil	(Cr)	0.8860	-0.0015	850 - 870	0.8880	0.8850	-	-	-	-	-	-	-
Canada	(C$)	1.4143	+0.008	140 - 146	1.4165	1.4050	1.4169	-2.2	1.4211	-1.9	1.4318	-1.2	79.3
Mexico	(New Peso)	7.4500	+0.705	500 - 500	7.5500	7.3500	7.4523	-0.4	7.4554	-0.3	7.4603	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	92.3
Pacific/Middle East/Africa													
Australia	(A$)	1.3497	-0.0038	493 - 503	1.3650	1.3438	1.3517	-1.8	1.3559	-1.8	1.3828	-2.5	82.9
Hong Kong	(HK$)	7.7305	-	300 - 310	7.7310	7.7305	7.7294	0.2	7.7335	-0.2	7.769	-0.5	-
India	(Rs)	31.7050	-0.09	800 - 300	31.8000	31.6800	31.785	-3.0	32.03	-4.1	-	-	-
Israel	(Shk)	2.9731	-0.001	701 - 761	2.9955	2.9644	-	-	-	-	-	-	-
Japan	(Y)	90.5150	-0.13	800 - 500	92.4500	90.3500	90.215	4.0	89.585	4.1	86.46	4.5	158.1
Malaysia	(M$)	2.5480	-0.0005	475 - 485	2.5520	2.5474	2.546	0.9	2.5436	0.7	2.538	0.4	-
New Zealand	(NZ$)	1.5489	-0.002	485 - 497	1.5688	1.5431	1.5535	-3.6	1.561	-3.1	1.5853	-2.4	-
Philippines	(Peso)	25.8700	-	200 - 200	25.9200	25.8200	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7504	-0.0001	502 - 506	3.7506	3.7502	3.7513	-0.3	3.7534	-0.3	3.7654	-0.4	-
Singapore	(S$)	1.4160	-0.008	155 - 165	1.4260	1.4150	1.4107	4.4	1.4025	3.8	1.376	2.8	-
S Africa (Com.)	(R)	3.6115	+0.039	090 - 140	3.6290	3.5810	3.6282	-5.6	3.6667	-6.1	3.853	-6.7	-
S Africa (Fin.)	(R)	3.7850	+0.015	750 - 950	3.7950	3.7500	3.8065	-6.8	3.8475	-6.6	4.065	-7.4	-
South Korea	(Won)	783.750	-2.1	700 - 800	785.800	782.800	786.75	-4.6	790.25	-3.3	808.75	-3.2	-
Taiwan	(T$)	26.0770	+0.082	745 - 795	26.0900	26.0190	26.097	-0.9	26.137	-0.9	-	-	-
Thailand	(Bt)	24.7750	+0.009	600 - 900	24.8200	24.7600	24.795	-1.0	24.8225	-0.8	24.91	-0.5	-

†SDR rate per $ for Mar 8. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 8. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 9	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4⅝	6¾	6¾	6¾	6⅞	7.40	4.50	-
week ago	6	6¾	5 15/16	5⅞	6⅛	7.40	4.50	-
France	7⅝	8¾	8¾	8⅞	8	5.00	-	8.00
week ago	5 15/16	8¾	6⅞	6⅝	7	5.00	-	6.40
Germany	4.88	4.93	5.05	5.20	5.65	6.00	4.50	4.85
week ago	4.92	4.93	5.05	5.23	5.66	6.00	4.50	4.85
Ireland	5⅞	7⅜	7⅜	7½	7¾	-	-	6.25
week ago	5⅛	7⅝	6¾	6 13/16	7⅛	-	-	6.25
Italy	8⅛	10⅛	10⅛	11	11½	-	7.50	8.35
week ago	8⅛	10⅛	8 15/16	10⅝	11	-	7.50	8.35
Netherlands	4.84	5.02	5.13	5.31	5.72	-	5.25	-
week ago	4.84	5.02	5.14	5.33	5.77	-	5.28	-
Switzerland	3½	3⅝	3 15/16	4	4⅛	6.625	3.50	-
week ago	3⅛	3⅝	3⅞	4⅛	4⅞	6.625	3.50	-
US	5 15/16	6⅛	6¼	6⅞	6⅞	-	5.25	-
week ago	5 15/16	6⅛	6⅜	6⅝	6¾	-	5.25	-
Japan	2⅛	2⅛	2¼	2¼	2⅜	-	1.75	-
week ago	2⅛	2⅛	2¼	2⅜	2⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6⅛	6½	6⅞	-	-	-
week ago	-	6⅛	6¼	6⅞	6 13/16	-	-	-
US Dollar CDs	-	5.95	6.10	6.33	6.74	-	-	-
week ago	-	5.95	6.03	6.21	6.55	-	-	-
SDR Linked Ds	-	4⅝	4½	4⅝	4 13/16	-	-	-
week ago	-	4⅝	4⅞	5⅛	5⅛	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6 5/16; 6 mths: 6⅝; 1 year: 7⅛. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds). *Suspended by Bank of France & replaced by overnight window shown.

EURO CURRENCY INTEREST RATES

Mar 9	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6½ - 6¼	7 - 6¾	7⅛ - 6⅞	7⅛ - 6⅞	7⅛ - 6⅞	7⅛ - 6⅞
Danish Krone	5¾ - 5¼	5¾ - 5½	5¾ - 5½	6 - 5 13/16	6 3/16 - 6 1/16	6 13/16 - 6⅝
D-Mark	4 15/16 - 4 13/16	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 - 4⅞	5 3/16 - 5 1/16	5 9/16 - 5 7/16
Dutch Guilder	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 1/32 - 4 31/32	5⅛ - 5 1/16	5⅜ - 5¼	5 13/16 - 5⅝
French Franc	8 - 7½	8½ - 8	8¾ - 8¼	9 - 8½	8¼ - 7¾	8 - 7½
Portuguese Esc.	12 - 11	11¾ - 11⅜	11¾ - 11	11½ - 10⅞	11½ - 11	12 - 11
Spanish Peseta	9¼ - 8¾	8¾ - 8⅜	9 1/16 - 8⅞	9⅝ - 9 7/16	10⅛ - 9⅞	10⅝ - 10⅜
Sterling	6⅛ - 5⅞	5¾ - 5½	6⅜ - 6 3/16	6¾ - 6⅝	7¼ - 7⅛	7 15/16 - 7 13/16
Swiss Franc	3 9/16 - 3 7/16	3⅝ - 3½	3⅝ - 3½	3 29/32 - 3 27/32	4 - 3⅞	4 5/16 - 4 3/16
Can. Dollar	8¼ - 8⅛	8 1/16 - 8	8 5/16 - 8 3/16	8¼ - 8⅛	8¼ - 8⅛	8¼ - 8⅛
US Dollar	6 - 5⅞	6 1/16 - 5 15/16	6⅛ - 6	6 5/16 - 6 3/16	6½ - 6⅜	6 15/16 - 6 13/16
Italian Lira	10½ - 9	10⅜ - 10¼	10 7/16 - 10 5/16	10 9/16 - 10 7/16	11 - 10⅞	11 9/16 - 11 7/16
Yen	2 3/16 - 2⅛	2¼ - 2⅛	2¼ - 2 3/16	2¼ - 2⅛	2⅜ - 2¼	2¾ - 2⅝
Asian $Sing	2⅛ - 2	1⅞ - 1¾	2¼ - 2⅛	2⅜ - 2¼	3⅜ - 3¼	4 1/16 - 3 15/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	91.83	91.05	-0.09	92.23	91.00	33,250	34,718
Jun	92.78	92.07	-0.06	92.97	92.00	46,821	48,080
Sep	93.50	92.95	-0.16	93.50	92.92	24,379	40,418
Dec	93.18	93.03	-0.12	93.28	93.00	11,276	23,348

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	-	93.69	+0.02	-	-	0	1629
Jun	-	93.40	+0.06	-	-	0	550
Sep	93.08	93.14	+0.12	93.08	93.08	20	384
Dec	-	92.88	+0.13	-	-	0	270

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.96	94.99	+0.04	94.99	94.95	19259	121824
Jun	94.73	94.76	+0.06	94.78	94.70	58970	211982
Sep	94.35	94.42	+0.10	94.44	94.35	32860	146338
Dec	94.01	94.07	+0.10	94.10	93.99	19232	118144

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.59	89.40	-0.02	89.59	89.35	4993	22606
Jun	88.82	88.73	-0.01	88.94	88.66	13128	41098
Sep	88.65	88.53	-	88.70	88.48	4538	29767
Dec	88.47	88.40	-	88.50	88.36	1334	13628

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.13	96.16	+0.01	96.17	96.13	806	12738
Jun	95.90	95.97	+0.07	95.99	95.89	3400	19320
Sep	95.62	95.69	+0.08	95.70	95.60	1094	8478
Dec	95.35	95.41	+0.08	95.43	95.30	539	5369

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.17	92.97	+0.02	93.17	92.89	2720	9387
Jun	93.01	92.90	+0.04	93.06	92.80	2893	9826
Sep	92.85	92.76	+0.02	92.86	92.70	742	4371
Dec	92.52	92.50	+0.05	92.52	92.48	81	2345

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 9		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.51	17.13	4.811	2.146	5713	5.409	21.52	507.4	443.3	24.58	4.005	2.137	4.894	3.460	313.1	2.629
Denmark	(DKr)	51.25	10	8.781	2.466	1.100	2928	2.772	11.03	260.1	227.2	12.60	2.053	1.095	2.508	1.773	160.5	1.347
France	(FFr)	58.37	11.39	10	2.808	1.252	3335	3.157	12.56	296.2	258.7	14.35	2.338	1.248	2.857	2.020	182.8	1.534
Germany	(DM)	20.79	4.056	3.561	1	0.446	1187	1.124	4.474	105.5	92.14	5.109	0.833	0.444	1.017	0.719	65.08	0.546
Ireland	(I£)	46.60	9.093	7.984	2.242	1	2662	2.521	10.03	236.5	206.6	11.45	1.867	0.996	2.281	1.613	145.9	1.225
Italy	(L)	1.750	0.342	0.300	0.084	0.038	100.	0.095	0.377	8.881	7.759	0.430	0.070	0.037	0.086	0.061	5.481	0.046
Netherlands	(Fl)	18.49	3.607	3.167	0.889	0.397	1056	1	3.979	93.80	81.94	4.544	0.740	0.395	0.905	0.640	57.88	0.486
Norway	(NKr)	46.46	9.066	7.960	2.235	0.997	2654	2.513	10	235.7	206.0	11.42	1.861	0.993	2.274	1.608	145.5	1.221
Portugal	(Es)	19.71	3.845	3.377	0.948	0.423	1126	1.066	4.242	100.	87.36	4.844	0.789	0.421	0.965	0.682	61.71	0.518
Spain	(Pta)	22.56	4.402	3.865	1.085	0.484	1289	1.220	4.855	114.5	100.	5.545	0.904	0.482	1.104	0.781	70.64	0.593
Sweden	(SKr)	40.69	7.938	6.970	1.957	0.873	2324	2.201	8.757	206.4	180.3	10	1.630	0.870	1.991	1.408	127.4	1.070
Switzerland	(SFr)	24.97	4.871	4.277	1.201	0.536	1426	1.351	5.374	126.7	110.7	6.137	1	0.534	1.222	0.864	78.18	0.656
UK	(£)	46.79	9.129	8.016	2.251	1.004	2673	2.531	10.07	237.4	207.4	11.50	1.874	1	2.290	1.619	146.5	1.230
Canada	(C$)	20.43	3.986	3.500	0.983	0.438	1167	1.105	4.397	103.7	90.57	5.022	0.818	0.437	1	0.707	63.97	0.537
US	($)	28.90	5.639	4.951	1.390	0.620	1651	1.563	6.220	146.6	128.1	7.103	1.158	0.618	1.414	1	90.49	0.760
Japan	(Y)	31.94	6.231	5.472	1.537	0.685	1825	1.728	6.874	162.0	141.6	7.850	1.279	0.683	1.563	1.105	100.	0.840
Ecu		38.04	7.422	6.517	1.830	0.816	2173	2.058	8.187	193.0	168.6	9.350	1.524	0.813	1.862	1.316	119.1	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7140	0.7157	-0.0004	0.7190	0.7082	16,577	62,066
Jun	0.7199	0.7181	-0.0005	0.7219	0.7098	50,321	50,187
Sep	0.7199	0.7230	-0.0010	0.7230	0.7199	318	1,268

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.0991	1.0980	+0.0014	1.1025	1.0825	17,681	62,017
Jun	1.1050	1.1102	+0.0011	1.1155	1.0940	50,923	49,143
Sep	1.1240	1.1240	-	1.1255	1.1240	1,593	2,225

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8623	0.8588	+0.0014	0.8630	0.8482	8,113	27,844
Jun	0.8631	0.8645	+0.0011	0.8690	0.8510	27,887	22,588
Sep	0.8710	0.8710	+0.0021	0.8735	0.8710	81	465

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6124	1.6150	+0.0086	1.6200	1.6058	4,727	37,307
Jun	1.6064	1.6132	+0.0068	1.6188	1.5990	13,378	18,730
Sep	1.6130	1.6130	+0.0102	1.6130	1.6130	5	117

UK INTEREST RATES

LONDON MONEY RATES

Mar 9	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¾ - 4¾	6 1/16 - 5½	6 5/16 - 6¼	6 13/16 - 6 11/16	7¼ - 7 1/16	7 15/16 - 7¾
Sterling CDs	-	-	6 5/16 - 6 3/16	6⅝ - 6 9/16	7 - 6⅞	7⅝ - 7 7/16
Treasury Bills	-	-	6 7/16 - 6 5/16	6 7/16 - 6⅜	-	-
Bank Bills	-	-	6 7/16 - 6 5/16	6½ - 6 7/16	6 13/16 - 6 11/16	-
Local authority deps.	6 3/16 - 6 1/16	6⅛ - 6	6 7/16 - 6 5/16	6¾ - 6⅝	7 1/16 - 6 15/16	7 11/16 - 7 9/16
Discount Market deps	6½ - 4½	5 13/16 - 5 11/16	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 6.1262pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 28, 1995. Agreed rate for period Mar 26, 1995 to Apr 25, 1995, Schemes II & III 8.08pc. Reference rate for period Feb 1, 1995 to Feb 28, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from Mar 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.10	93.14	+0.09	93.15	93.09	18797	66994
Jun	92.33	92.33	+0.05	92.38	92.24	41580	97932
Sep	91.90	91.87	+0.03	91.91	91.78	10423	65279
Dec	91.57	91.54	+0.01	91.60	91.47	7755	50982

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9300	0.17	0.03	0.07	0.03	0.70	1.20
9325	0.02	0.01	0.04	0.13	0.93	1.42
9350	0	0	0.02	0.36	1.17	1.65

Est. vol. total, Calls 8224 Puts 12686. Previous day's open int., Calls 233700 Puts 206794

EMS EUROPEAN CURRENCY UNIT RATES

Mar 9	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.07763	+0.00008	-3.46	8.23	-
Austria	13.4383	13.0392	+0.00337	-3.06	7.68	-
Germany	1.91007	1.85232	+0.00047	-3.02	7.74	-
Belgium	39.3960	38.3137	+0.0177	-2.75	7.43	20
Portugal	195.792	194.759	+0.345	-0.53	5.03	4
Denmark	7.28580	7.45773	-0.00323	2.36	2.07	-16
France	6.40608	6.59128	+0.005	2.89	1.55	-24
Ireland	0.792214	0.824815	-0.000401	4.12	0.35	-28
Spain	162.493	169.774	-0.326	4.46	0.00	-31
NON ERM MEMBERS						
Greece	292.867	301.892	+0.038	3.08	1.36	-
Italy	2106.15	2186.26	-10.96	3.80	0.65	-
UK	0.786652	0.822361	+0.001091	4.54	-0.08	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.500	11.63	-	11.76	-	0.04	0.30
1.525	9.14	9.30	9.59	-	0.20	0.60
1.550	6.74	7.22	7.66	-	0.51	1.06
1.575	4.29	5.26	5.88	-	1.03	1.73
1.600	2.15	3.58	4.32	0.21	1.84	2.55
1.625	0.62	2.36	3.05	1.17	2.90	3.74

Previous day's vol., Calls 13,782 Puts 16,606 . Prev. day's open int., Calls 408,459 Puts 320,408

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.69	93.68	-	93.70	93.67	54,168	321,661
Jun	93.37	93.36	+0.01	93.38	93.34	170,010	483,402
Sep	93.11	93.08	-0.01	93.12	93.07	169,467	314,240

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.91	93.90	-0.02	93.92	93.90	3,219	15,184
Sep	93.65	93.64	+0.01	93.65	93.63	1,717	8,778
Dec	93.40	93.38	-	93.40	93.38	455	6,266

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9475	0.25	0.13	0.18	0.21	0.01	0.12	0.17	0.20
9500	0.03	0.03	0.07	0.09	0.04	0.27	0.31	0.33
9525	0	0	0.02	0.03	0.26	0.49	0.51	0.52

Est. vol. total, Calls 21908 Puts 12345. Previous day's open int., Calls 200677 Puts 331129

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9600	0.17	0.15	0.14	0.01	0.18	0.45
9625	0.02	0.06	0.06	0.11	0.34	0.62
9650	0	0.02	0.04	0.34	0.55	0.85

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1995 Puts 2010

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.00	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk.	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	* In administration	
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

PORTMAN BUILDING SOCIETY

£100,000,000
Floating Rate Notes due 1997.

For the three months from 8th March 1995 to 7th June 1995 the Notes will carry an interest rate of 7.00% per annum.

Interest amount per £10,000 will be £176.44 payable on 8th June 1995.

AGENT BANK: BARCLAYS BANK PLC
BGSS DEPOSITORY SERVICES
8 ANGEL COURT, THROGMORTON STREET
LONDON EC2R 7HT

BARCLAYS

NOTICE TO SHAREHOLDERS

To the shareholders of MONTAGU PROPERTIES LIMITED, a company incorporated under the laws of the Republic of Liberia.

Notice is hereby given of a meeting of shareholders of MONTAGU PROPERTIES LIMITED to be held at The Century Hotel in Geneva, Switzerland on the 31st day of March 1995 at 10.00 o'clock in the forenoon for the following purposes:

1. To amend the Articles of Incorporation of the company to effect the increase of the number of shares from 500 bearer shares of no par value to 10,000 bearer shares of no par value by the creation of an additional 9,500 bearer shares.
2. To increase the capital of the company from US$ 2,782,772.00 to US$ 5,982,772.00 to be effected by the issuance of new shares once the Articles of Incorporation have been amended.

This Notice is given pursuant to Clause D of the Articles of Incorporation of the company dated the 19th day of March 1980.

A copy of the proposed Resolution and Articles of Amendment can be obtained from the company's solicitors, Messrs Constant & Constant of Sea Containers House, 20 Upper Ground, London SE1 9QT, marked for the attention of M J Brewster.

DATED the 9th day of March 1995, Geneva, Switzerland

By Order of the Board of Directors
MONTAGU PROPERTIES LIMITED

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings Soc Cm 2nd Pf		50½	—	117	50¼	6.31	19.8	-
9¼pc Non-Cum Pf		4¼	—	137½	3	1.90	—	-
Cater Allen		432	+4	[illegible]	418	140.8	6.2	8.9
Close Bros		238	—	[illegible]	203	228.8	4.2	10.6
Gerrard & Nat		365	-6	516	335	182.4	7.8	11.4
Hambros		198	+2	479	195	349.5	9.5	12.2
7½pc Cv Pf		95½	-1½	181	95½	123.0	9.8	-
Joseph (L)		383	-5	443	383	20.3	5.8	11.1
King & Shaxson		89	—	178	89	16.5	12.6	8.8
Kleinwort Benson		588xd	+14	685	424	755.6	4.7	11.0
Rea Bros		68	—	79	53	24.1	2.0	18.2
Schroders		1398	+13	1574	1050	1,398	1.7	12.8
NV		1283	+5	1458	1043	398.2	1.8	11.6
Singer & Fried		82	—	114	75	158.2	4.8	10.6
Union		74	—	198	72	19.7	5.2	♦
Warburg (SG)		689	-7	1012	569	1,515	4.0	12.8
Wintrust		215xd	—	398	203	18.3	6.2	14.4

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INV TRUSTS SPLIT CAPITAL

Approved by the Inland Revenue

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

TOBACCO

TRANSPORT

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for

Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT8485. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg. Call 0171-873 4378 (+44 171 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Pembroke Hall, Pembroke, Bermuda

[illegible]

Lazard Fund Mngrs - Contd.

Lloyds Intl Money Market Fund Ltd

Sarnia Hse, Le Truchot, St Peter Port 01481 724983

M & G (Guernsey) Ltd

Westbourne, The Grange, St Peter Port 01481 722885

Prudential Fund Managers (Guernsey) Ltd

Po Box 81, St Peter Port Guernsey 01481 720266

Prudential Money Funds Ltd

Rothschild Asset Management (CI) Ltd

PO Box 242, St Peter Port, Guernsey 01481 713713

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

Merrill Lynch Guernsey

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

Stellar Fund Plc

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

Citibank (CI) Ltd 'Citifunds'

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

Commercial Union Luxembourg SA - Contd.

[illegible]

Lloyds Bank Luxembourg

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE

MARKET REPORT

Early gains wiped out on new dollar concerns

By Terry Byland, UK Stock Market Editor

The financial crisis in Mexico returned to haunt the UK stock market yesterday afternoon. Initial confidence that the problems of the dollar and the D-mark had eased was overshadowed later when a rally in the US currency was checked by worries over Mexico.

In early deals, the FT-SE 100 Index was more than 21 points up as securities markets strengthened their response to Wednesday's hints that the Bundesbank might soon ease German interest rates. The day's peak, achieved soon after the official opening, put the FT-SE 100 Share Index at 3,013.2.

But investors were already having second thoughts on the interest rate question by mid-session. News of a fall in the UK longer leading cyclical indicator in January cast further doubts on the progress of the domestic economy and the Footsie was soon below 3,000 again.

Share prices tried to rally as Wall Street opened calmly, to show a fall of under 5 points on the Dow Jones Industrial Average in UK trading hours. However, the renewed uncertainty over the dollar ended the rally and the FT-SE 100 Share Index closed 5.2 down on the day at 2,986.9.

The flow of UK company results failed to affect the broad range of the market. GKN responded well to higher profits and an increased dividend payout, while Rolls-Royce edged higher despite a mixed set of results.

Underlying nervousness over developments in the derivatives markets following last week's collapse of Barings bank continued to unsettle the UK merchant banks. S.G. Warburg firmly denied rumours that it faced problems in the German futures markets.

The utilities sector remained nervous. This has become another danger area for the London markets in the wake of this week's shock announcement that the official regulator of the electricity industry is considering tighter pricing controls.

The regional electricity groups rallied, after several sessions of falling prices, while the generating company shares issued this week remained close to stabilisation levels.

The stock market takes a cautious view of the political storm now surrounding the generator issues. This includes moves by some private investors in the UK to take legal action on the grounds that the share issues should have been postponed.

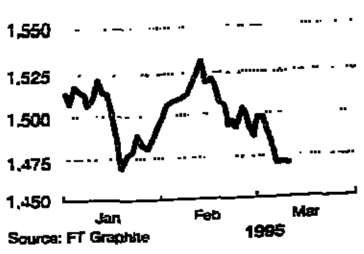
The recovery among utilities helped push the FT-SE Mid 250 Index ahead by 10.2 to 3,311.1. The past two trading sessions have seen the Mid 250 Index crash to new lows for the year as the utility sectors have been savaged.

At the close, market strategists admitted that yesterday's developments had indicated that stock markets are still closely linked to the fate of the D-mark and the US dollar.

Some fear that the attempts to help the dollar to date have been "talk rather than action," and have not yet restored confidence.

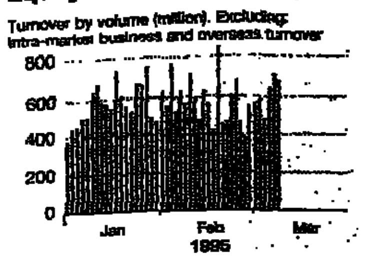
Today will bring an important hurdle for the dollar when the US payroll statistics for last month will give the latest evidence of the strength of the US economy.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	2986.9	-5.2
FT-SE Mid 250	3311.1	+10.2
FT-SE-A 350	1487.6	-0.9
FT-SE-A All-Share	1471.59	-1.16
FT-SE-A All-Share yield	4.30	(4.29)
FT Ordinary index	2288.8	-3.0
FT-SE-A Non Fins p/e	16.38	(16.58)
FT-SE100 Fut Mar	2988.0	-11.0
10 yr Gilt yield	8.79	(8.81)
Long gilt/equity yld ratio:	2.06	(2.07)

Best performing sectors

1 Electricity .... +1.5
2 Engineering, Vehicles .... +1.2
3 Textile & Apparel .... +1.2
4 Water .... +1.1
5 Banks, Retail .... +0.8

Worst performing sectors

1 Gas Distribution .... -1.7
2 Paper, Pckg & Print .... -1.4
3 Spirits, Wines & Cids .... -1.2
4 Building & Const .... -1.0
5 Media .... -0.9

Results no help to Arjo

Paper group **Arjo Wiggins Appleton** suffered the biggest fall in percentage terms among the FT-SE 100 stocks, sliding 13½ to 232½p despite encouraging profit figures.

The 1994 figures showed an increase of 78 per cent over the previous year and were at the higher end of the range of estimates. Most analysts increased current year forecasts to between £270m and £285m from around £250m to £265m.

However, Arjo said the galloping wood pulp price rises were continuing and there was also disappointment among investors that St Louis, the French glassmaker which owns 40 per cent, had no apparent intention of offloading its stake.

Utilities rally

The recent gloom hanging over electricity utilities following comments on price controls from the industry regulator, lifted a little yesterday, when share prices were boosted by renewed confidence that the bid for **Northern Electricity** by **Trafalgar House** will go ahead.

Shares in Northern bounced 25 to 818p in trade of 1.1m on rumours that Trafalgar was in talks with leading institutions to try and agree a new offer price for the bid. There was also talk that Trafalgar was planning to seek Stock Exchange permission to extend the timetable of the offer, to enable it to complete the deal on the new terms. Such a move could mean an extension of today's closing date.

Elsewhere in the sector, **Yorkshire**, which registered one of the sharpest declines in the previous two sessions, jumped 43 to 664p, as vague bid talk returned. However, several analysts discounted such talk.

It was bargain hunters who boosted several of the other strong performers in the sector. **Midlands** gained 39 to 621p, while **East Midlands** raced 37 ahead to 598p. Also in demand was **Norweb** 21 ahead at 648p and **Seeboard** which rose 22 to finish at 363p. Trafalgar closed unchanged at 59p.

Warburg jumpy

Shares in **S.G. Warburg** experienced a near 30p turnaround after a rumour swept the London market that the merchant bank had run into difficulties in Germany.

The German derivatives exchange stayed open for an extra hour because of a surge in turnover. Some dealers were saying that the late opening had been requested by Warburg because it needed to unwind complex futures strategies following the sacking of some 90 derivatives traders worldwide.

Warburg strenuously denied the speculation. It was sufficiently concerned to break with tradition and put out a statement saying: "There is no truth in the market rumour that SG Warburg has difficulty in meeting its obligations on the DTB in Frankfurt or any other exchanges." Most banking specialists were also sceptical. But coming so hard on the heels of the derivatives problems that crippled Barings, the rumours were enough to shift the shares from being 10 up to 18 down at one stage. The stock closed a net 7 off at 689p.

The newly-issued electricity generator stocks remained under a cloud and traded nervously, ahead of what promises to be a stormy meeting today between Professor Stephen Littlechild, the electricity industry regulator and a group of investment institutions; City analysts are also expected to attend. Shares in **PowerGen** lost another 7¼ to 176¼p, while those of **National Power** gave up 9 to 433p after hefty trade of 10m.

Mr Martin Green of Smith New Court commented: "The Warburg moves reflects how jumpy the market is towards these merchant bank stocks, post Barings, and how bearraidable they are."

Leading diversified industrial **BTR** was actively traded following a pleasing results statement. The shares added 3½ to 311½p in 13m turnover – the day's second most active Footsie stock – as analysts upgraded 1995 profit estimates. Nomura Securities, one of BTR's more bullish supporters, edged up from £1.55bn to £1.565bn.

BTR has been a strong performer this year running 10 per cent ahead of the market as a whole. But a 7 per cent underperformance on a 12 month view suggests that the shares remain in catching up mode.

News that **Glaxo** had acceptances for 81.6 per cent of Wellcome's share capital failed to encourage the buyers and the shares slid 5¼ to 665p.

It seems that the new company – destined to be the world's biggest pharmaceuticals group – will come into being on May 1. However, not all analysts are enthusiastic. Agency broker James Capel reiterated its sell stance on the basis that severe staff cuts and cost savings will be no substitute for the loss of earnings prompted by two big patent expiries. **Wellcome** gained 2 to 1035p.

Elsewhere, **ICI** rallied from its year low on some hefty buying and closed 9 higher at 689p.

A big day for engineering results saw **GKN** jump 14 against the general downtrend. The group's 1994 profits were possibly 10 per cent above the mid-range of analysts' expectations and the shares advanced to 579p, although turnover was modest at 2.6m. Most houses upgraded 1995 estimates. BZW moved up from £2437m to £270m.

Rolls-Royce gained 1½ to 149½p on steady 1994 results, but the forecast of weak trading in core aerospace activities for 1995 triggered mostly unfavourable comments from analysts. In contrast, **IMI** tumbled 15 to 295p as 1994 results fell short of expectations.

Builders merchants **Wolseley** jumped 6 to 340p ahead of today's interim statement.

Buy recommendations following encouraging figures on Tuesday pushed **Barclays** 10 higher to 599p.

Lasmo improved 3 to 154p with Nomura issuing a buy recommendation, which focused on the latest oil discovery in Algeria.

Television stocks were hit by a press report saying the government has ruled out radical reform of cross-ownership regulations.

The deflation of bid hopes meant that **Yorkshire-Tyne Tees Television** fell 30p to 380p, **Scottish** 20 to 408p and **Ulster** 19p to 645p.

Vague if persistent takeover rumours helped **Inchcape**, the international trader with a wide motor distribution business in the Far East, put on a further 10 to 319p. At 7.9m the day's volume was almost twice Wednesday's level.

Bus group **Stagecoach** fell 28 to 209p on news that the Department of Trade and Industry had ruled that the group must dispose of its 20 per cent stake in the Mainline Partnership. Analysts interpreted the move as a clear check on aggressive takeovers by the company.

Bid speculation again circulated around **United Biscuits**, driving the shares 12 ahead to 352p. **Hanson** and **Associated British Foods** were mentioned as possible suitors though several market watchers discounted the talk. Shares in Hanson closed 2 lower at 232p after trade of 9.3m while Associated closed 14 lower at 569p.

FINANCIAL TIMES EQUITY INDICES

	Mar 9	Mar 8	Mar 7	Mar 6	Mar 3	Yr ago	*High	*Low
Ordinary Share	2288.8	2291.8	2277.8	2287.4	2301.6	2547.2	2713.6	2238.3
Ord. div. yield	4.60	4.60	4.62	4.61	4.58	3.63	4.66	3.43
Earn. yld. % full	7.21	7.20	7.25	7.22	7.17	4.82	7.25	3.82
P/E ratio net	16.40	16.42	16.32	16.37	16.49	22.39	33.43	16.32
P/E ratio nil	15.94	15.95	15.86	15.91	16.02	23.47	30.80	15.86

*For 1994/5. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2306.9	2306.7	2304.8	2306.7	2298.5	2297.1	2295.1	2287.9	2289.6	2308.2	2286.9

	Mar 9	Mar 8	Mar 7	Mar 6	Mar 3	Yr ago
SEAQ bargains	26,068	28,309	29,486	26,236	19,928	34,943
Equity turnover (£m)†	-	1549.3	2029.0	1681.9	940.8	2118.1
Equity bargains†	-	39,655	40,198	36,710	27,585	38,825
Shares traded (ml)†	-	620.0	711.7	644.8	444.5	760.3

†Excluding intra-market business and overseas turnover.

■ **London market data**

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	605	Total Highs	16	Total contracts	49,154
Total Falls	532	Total Lows	142	Calls	28,401
Same	1725			Puts	20,753

March 9 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3012.0	2986.0	-11.0	3018.0	2975.0	16101	41813
Jun	3016.0	2991.5	-11.5	3021.0	2980.0	2727	25811
Sep	3036.5	3015.0	-10.5	3036.5	3007.0	480	425

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3315.0	3300.0	-10.0	3315.0	3300.0	6	2593
Jun		3320.0	-9.5			0	1811

■ FT-SE 100 INDEX OPTION (LIFFE) (*2986) £10 per full index point

[illegible]

Calls 5,486 Puts 10,145

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2825 C	2825 P	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P
Mar	162	1½	115	4	70½	10	35	24	12½	51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	170½	16½	131½	27½	97	42½	68	63	45	89½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	195	29	157	41	122½	56½	93	77	68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	207½	44	172½	58	140½	75	111½	95	86	118½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sept†	252	68½			186	99½			131	140½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 1,344 Puts 6,183 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov	Grs yld	P/E net
150	F.P.	514.1	164	154	Albright & Wilson	164	+2	RN6.0	1.5	4.6	18.2
§10	F.P.	16.1	13¼	12¼	Bath Press	12¼	-¼	-	-	-	-
-	F.P.	28.5	125	123	Colleagues	126		-	-	-	-
§125	F.P.	21.1	131	128	GET Group	128		N-	-	-	11.7
100	F.P.	30.3	101	101	Geared Inc Inv C	101		-	-	-	-
§135	F.P.	17.7	138	132	Golden Rose	132		-	-	-	-
-	F.P.	21.6	87	83	Inv Tst of Inv Tsts	84		-	-	-	-
-	F.P.	2.91	59	55	Do. Warrants	56		-	-	-	-
-	F.P.	26.2	55	48¼	Lazard Birla India	50¼	+¼	-	-	-	-
-	F.P.	3.02	32½	28	Do Warrants	29		-	-	-	-
35	F.P.	21.4	36	33	MCIT S Cap	33		-	-	-	-
35	P.P.	23.4	36	36	MCIT S Inc	36		-	-	-	-
-	F.P.	0.38	5	3½	Melrose Warrants	3½	-1	-	-	-	-
476	170	6,051.0	193	163½	*Nat. Power (P/P)	166	-9½	FN15.45	2.6	4.1	12.9
150	F.P.	15.8	150	150	Photobition	153		RN6.0	2.0	4.9	11.1
512	185	3,952.5	206	176½	*PowerGen (P/P)	176½	-11	FN15.0	3.2	3.7	10.9
-	F.P.	78.3	495	493	Schroder I G Uts	495		-	-	-	-
-	F.P.	24.1	101½	100	Throg Dl Zero Pf	101½		-	-	-	-
-	F.P.	4.40	11¼	10½	Wessex Trust	11		-	-	-	-
145	F.P.	66.0	182	170	Zoetcams	182	+4	W4.65	2.1	3.2	18.4

* Note: Issue price 10p higher for institutional and overseas investors.

FT GOLD MINES INDEX

	Mar 8	% chg on day	Mar 7	Mar 6	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1805.97	-0.5	1815.11	1724.28	1935.20	2.15	2337.86	1637.81
■ Regional Indices								
Africa (16)	2728.64	+3.0	2648.48	2570.58	3548.05	5.04	3711.87	2304.45
Australasia (7)	2055.62	+5.5	1948.93	1929.15	2430.67	0.80	2951.49	1788.20
North America (11)	1499.66	-3.6	1555.35	1448.06	1657.85	0.75	1911.21	1348.18

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Figures in brackets show number of companies. Base US Dollars. Base Values: 1000.00 31/12/92.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Mar 9	Day's chge%	Mar 8	Mar 7	Mar 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	2986.9	-0.2	2992.1	2977.0	3001.9	3233.9	4.52	8.21	14.60	16.96	1146.74
FT-SE Mid 250	3311.1	+0.3	3300.9	3327.9	3394.7	3908.4	3.87	6.83	17.56	12.83	1252.19
FT-SE Mid 250 ex Inv Trusts	3317.4	+0.3	3306.4	3335.5	3408.2	3922.9	4.02	7.39	16.34	13.03	1252.86
FT-SE-A 350	1487.6	-0.1	1488.5	1485.5	1501.6	1643.1	4.37	7.90	15.18	7.84	1168.23
FT-SE-A 350 Higher Yield	1507.7	-0.1	1509.4	1507.8	1528.6	1647.9	5.42	8.51	14.15	11.43	975.20
FT-SE-A 350 Lower Yield	1467.0	----	1467.3	1462.7	1474.7	1598.8	3.32	7.28	16.39	4.33	969.83
FT-SE SmallCap	1680.00	-0.2	1684.19	1691.08	1692.97	2019.53	3.48	5.45	22.73	6.86	1318.40
FT-SE SmallCap ex Inv Trusts	1660.83	-0.3	1666.06	1672.04	1673.62	2000.17	3.68	6.03	20.82	5.35	1307.43
FT-SE-A ALL-SHARE	1471.59	-0.1	1472.75	1470.41	1485.46	1635.49	4.30	7.70	15.59	7.62	1175.15

■ **FT-SE Actuaries All-Share**

	Mar 9	Day's chge%	Mar 8	Mar 7	Mar 6	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2595.99	+0.2	2590.61	2573.05	2586.55	2526.96	3.92	6.90	18.15	8.68	1051.49
12 Extractive Industries(7)	3455.69	-0.2	3461.12	3351.20	3384.42	3921.70	3.87	7.98	15.61	0.00	953.57
15 Oil, Integrated(3)	2587.50	+0.2	2581.08	2575.07	2561.30	2433.78	4.08	7.25	17.20	11.39	1073.10
16 Oil Exploration & Prod(14)	1909.29	+0.6	1898.77	1901.30	1901.15	1858.31	2.56	1.42	80.00†	0.00	1104.68
20 GEN INDUSTRIALS(278)	1767.07	-0.2	1770.71	1769.48	1783.76	2158.64	4.48	6.69	18.02	6.54	912.22
21 Building & Construction(38)	892.22	-1.0	901.57	907.05	907.56	1493.00	4.36	7.39	17.49	1.19	705.37
22 Building Matls & Merchs(31)	1647.71	-0.4	1654.93	1662.45	1665.03	2258.73	4.65	6.74	17.92	0.28	784.32
23 Chemicals(23)	2161.10	+0.6	2148.32	2120.83	2113.65	2461.84	4.41	5.79	20.71	22.30	975.83
24 Diversified Industrials(17)	1740.59	-0.2	1744.17	1743.59	1758.62	2138.25	5.46	7.46	16.15	12.90	907.80
25 Electronic & Elect Equip(36)	1868.07	-0.3	1873.08	1863.45	1873.76	2098.62	3.87	7.01	16.88	2.74	924.43
26 Engineering(72)	1713.25	-0.3	1719.23	1722.26	1727.76	1972.79	3.59	6.34	18.78	2.95	989.25
27 Engineering, Vehicles(13)	2098.57	+1.2	2073.70	2067.00	2094.47	2391.69	4.65	3.20	42.04	0.16	1027.37
28 Paper, Pckg & Printing(27)	2647.84	-1.4	2685.87	2695.27	2778.90	3034.48	3.49	7.22	16.17	0.17	1048.25
29 Textiles & Apparel(21)	1405.26	+1.2	1389.18	1395.77	1399.75	1926.41	4.87	7.56	17.18	1.88	805.59
30 CONSUMER GOODS(95)	2823.00	-0.4	2835.41	2825.51	2826.38	2862.88	4.44	6.92	17.50	20.37	988.12
31 Breweries(16)	2083.20	-0.5	2093.23	2092.29	2114.87	2248.05	4.60	8.85	13.63	10.56	953.77
32 Spirits, Wines & Ciders(10)	2472.68	-1.2	2502.19	2507.59	2532.54	3108.61	4.61	7.96	14.85	26.30	844.28
33 Food Producers(24)	2325.27	-0.1	2327.39	2330.12	2328.63	2360.85	4.32	7.76	15.58	14.57	995.53
34 Household Goods(10)	2465.93	-0.7	2482.81	2476.11	2502.25	2770.31	3.62	6.78	17.75	1.06	893.72
36 Health Care(18)	1590.18	-0.1	1591.73	1600.21	1610.28	1807.49	3.23	3.49	39.70	1.42	929.47
37 Pharmaceuticals(13)	3581.22	-0.2	3589.87	3574.39	3527.95	3040.03	4.02	4.70	25.56	34.51	1160.06
38 Tobacco(2)	3509.67	-0.7	3532.67	3446.71	3524.84	3983.84	6.50	11.68	10.70	0.00	800.58
40 SERVICES(230)	1813.39	-0.4	1820.56	1814.45	1825.32	2094.11	3.52	7.30	16.56	7.32	902.31
41 Distributors(32)	2298.28	+0.7	2282.53	2272.73	2272.84	3092.20	4.10	7.80	15.24	6.03	805.19
42 Leisure & Hotels(29)	2036.46	-0.5	2046.46	2043.80	2084.22	2298.52	3.73	5.60	21.58	21.68	1020.39
43 Media(43)	2674.47	-0.9	2697.43	2690.56	2704.36	3278.45	2.74	6.06	19.45	5.94	933.25
44 Retailers, Food(16)	1759.65	-0.4	1767.52	1757.62	1768.85	1623.62	3.74	9.11	13.46	2.59	1063.49
45 Retailers, General(44)	1496.11	-0.2	1498.73	1495.84	1502.20	1744.32	3.58	7.93	15.46	7.63	818.33
48 Support Services(38)	1428.50	----	1427.91	1420.33	1428.69	1750.52	3.03	7.24	16.68	2.81	876.58
49 Transport(21)	2102.17	-0.7	2116.03	2103.41	2121.21	2605.11	4.07	7.37	16.14	4.30	831.94
51 Other Services & Business(7)	1154.54	-0.2	1156.38	1164.44	1165.68	1292.96	3.89	4.60	28.09	5.42	1006.19
60 UTILITIES(37)	2188.81	+0.3	2182.31	2215.08	2320.12	2432.16	4.97	9.35	12.42	6.85	862.40
62 Electricity(17)	2110.49	+1.5	2078.78	2141.31	2414.04	2292.70	4.85	12.33	9.67	19.89	903.19
64 Gas Distribution(2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Water(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 NON-FINANCIALS(664)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 FINANCIALS(118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks, Retail(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
72 Banks, Merchant(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
73 Insurance(26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74 Life Assurance(6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77 Other Financial(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80 INVESTMENT TRUSTS(133)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FT-SE-A ALL-SHARE(915)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **Hourly movements**

[illegible]

■ **FT-SE Actuaries 350 Industry baskets**

[illegible]

[illegible]

TRADING VOLUME

■ **Major Stocks Yesterday**

[illegible]

WORLD STOCK MARKETS

INDICES

	Mar 9	Mar 8	Mar 7	1994/5 High		1994/5 Low	
Argentina							
General (29/12/77)	(u)	9915.03	10179.04	25478.48	16/2/94	9915.03	8/3/95
Australia							
All Ordinaries(1/1/80)	1877.5	1883.2	1881.2	2340.60	3/2/94	1823.30	8/2/95
All Mining(1/1/80)	835.4	845.5	838.2	1136.10	3/2/94	795.30	8/2/95
Austria							
Credit Aktien(30/12/84)	368.77	370.24	373.15	460.86	2/2/94	361.34	3/2/95
Traded Index(2/1/91)	994.89	996.70	1005.88	1222.25	1/2/94	988.30	3/2/95
Belgium							
BEL20 (1/1/91)	1271.53	1278.86	1276.58	1542.65	9/2/94	1271.53	9/3/95
Brazil							
Bovespa (29/12/83)	(u)	23633.0	26157.0	56110.09	13/9/94	3800.99	3/1/94
Canada							
Metals Mints♦(1975)	(u)	3847.26	3817.98	4326.67	18/1/95	3269.05	20/4/94
Composite♦ (1975)	(u)	4136.00	4122.50	4609.86	23/3/94	3659.80	24/6/94
Portfolio§§ (4/1/83)	(u)	2052.67	2044.65	2182.89	1/2/94	1869.48	28/6/94
Chile							
IPSA Gen (31/12/80)	(u)	4725.5	4882.3	5754.40	21/11/94	3991.20	4/4/94
Denmark							
CopenhagenSE(3/1/83)	342.02	343.28	346.56	415.79	2/2/94	335.68	20/12/94
Finland							
HEX General(28/12/90)	1644.2	1644.1	1658.8	1972.09	4/2/94	1601.10	3/1/94
France							
SBF 250 (31/12/90)	1157.10	1170.40	1168.86	1585.20	2/2/94	1157.10	9/3/95
CAC 40(31/12/87)	1727.07	1756.76	1748.61	2355.93	2/2/94	1727.07	9/3/95
Germany							
FAZ Aktien(31/12/58)	756.00	753.06	770.71	859.27	18/5/94	742.04	5/10/94
Commerzbank(1/12/53)	2150.4	2143.5	2196.0	2485.50	2/5/94	2116.30	5/10/94
DAX (30/12/87)‡	2001.64	2025.21	2053.34	2271.11	16/5/94	1969.59	7/10/94
Greece							
Athens SE(31/12/80)	809.43	813.49	819.84	1194.68	18/1/94	789.22	8/2/95
Hong Kong							
Hang Seng(31/7/64)	8076.79	7929.99	8138.68	12201.08	4/1/94	6967.93	23/1/95
India							
BSE Sens.(1979)	3475.09	3480.99†	3498.42	4628.57	12/9/94	3233.31	22/2/95
Indonesia							
Jakarta Comp.(10/8/82)	437.50	437.30	447.22	612.89	5/1/94	432.96	25/1/95
Ireland							
ISEQ Overall(4/1/88)	1819.29	1827.49	1830.50	2082.16	20/1/94	1694.14	1/7/94
Italy							
Banca Comm Ital (1972)	618.29	619.44	629.36	817.17	10/5/94	581.84	13/12/94
MIB General (2/1/95)	977.0	979.0	985.0	1318.09	10/5/94	974.00	27/2/95
Japan							
Nikkei 225 (16/5/49)	16783.08	16521.31	16955.28	21552.81	13/6/94	16519.71	1/3/95
Nikkei 300 (1/10/82)	247.28	246.23	249.45	311.71	13/6/94	242.85	27/2/95
Topix (4/1/68)	1341.75	1336.13	1353.28	1712.73	13/6/94	1320.96	27/2/95
2nd Section (4/1/68)	1781.98	1769.15	1787.93	2542.65	6/7/94	1730.06	27/2/95
Malaysia							
KLSE Comp.(4/4/86)	951.21	935.05	947.23	1314.46	5/1/94	840.87	24/1/95
Mexico							
IPC (Nov 1978)	(u)	1498.52	1524.30	2881.17	8/2/94	1447.52	27/2/95
Netherland							
CBS TtlRtnGen(End 83)	424.4	426.3	428.5	454.80	31/1/94	406.30	21/6/94
CBS All Shr (End 83)	266.2	267.4	268.8	294.80	31/1/94	257.90	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1957.48	1949.86	1961.90	2439.64	3/2/94	1878.89	12/12/94
Norway							
Oslo SEInd(2/1/83)	1036.38	1049.26	1061.60	1211.10	28/2/94	980.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2370.06	2411.78	2447.40	3308.37	4/1/94	2370.06	9/3/95
Portugal							
BTA (1977)	2725.0	2722.8	2733.4	3226.80	18/2/94	2612.80	20/6/94
Singapore							
SES All-S'pore(2/4/75)	502.03	499.89	506.88	641.61	4/1/94	472.99	23/1/95
South Africa							
JSE Gold (28/9/78)	1532.7♥	1576.3	1550.5	2534.00	7/9/94	1479.08	3/3/95
JSE Indl. (28/9/78)	6572.9♥	6598.8	6598.6	6994.40	30/12/94	5446.00	19/1/94
South Korea							
KoreaCmpEx(4/1/80)**	943.75	940.08	936.13	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	265.43	269.36	274.41	358.31	31/1/94	265.43	9/3/95
Sweden							
AffarsvardnGen (1/2/37)	1439.9	1456.5	1449.4	1603.90	31/1/94	1334.70	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1176.21	(c)	1219.46	1423.34	31/1/94	1138.72	27/10/94
SBC General (1/4/87)	873.35	(c)	897.90	1093.29	31/1/94	873.35	9/3/95
Taiwan							
WeightedPr.(30/6/66)**	6388.36	6426.07	6480.76	7191.13	1/11/94	5194.63	19/3/94
Thailand							
Bangkok SET (30/4/75)	1214.95	1206.88	1237.31	1753.73	4/1/94	1191.26	23/1/95
Turkey							
Istanbul Cmp.(Jan 1986)	32395.5	32474.7	31489.8	32474.70	8/3/95	12980.70	24/3/94
WORLD							
MS Capital Int (1/1/70)$	624.0*	623.4	623.7	649.50	2/11/94	591.60	1/11/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1227.91	1243.54	1249.20	1540.18	31/1/94	1227.91	9/3/95
Euro Top-100 (26/6/90)	1117.34	1128.64	1138.15	1311.01	2/2/94	1117.34	9/3/95
JCapitalEgpo (31/12/88)	(u)	268.93	295.33	395.18	5/1/94	261.49	23/1/95
Barings Emerg.(7/1/92)	118.05	121.76	124.59	191.79	26/9/94	118.65	9/3/95

** Sat Mar 4 : Taiwan Weighted Price 6530.74; Korea Comp Ex 918.15. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 28 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 9 - 1969.20 -40.18

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40							
Mar	1779.0	1734.0	-32.0	1780.0	1732.0	27,876	38,746
Apr	1790.5	1743.5	-27.5	1780.5	1746.0	440	3,802
DAX							
Mar	2043.0	1995.0	-47.0	2048.0	1982.5	38,418	
Jun	2062.0	2002.5	-46.5	2066.0	2000.0	9,489	
OMX							
Mar	1120.00	1091.50	+6.50	1120.00	1091.50	10,880	15,192
Apr	1116.0	1103.50	-4.50	1116.00	1101.50	690	3,943
SOFFEX							
Mar	2531.0	2462.0	-59.0	2534.0	2465.0	11,294	18,987
Apr	2540.0	2465.0	-59.0	2540.0	2473.0	542	3,784

US INDICES

Dow Jones	Mar 8	Mar 7	Mar 6	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	3979.23	3962.63	3997.56	4011.74 (24/2/95)	3593.35 (4/4/94)	4011.74 (24/2/95)	41.22 (2/7/32)
Home Bonds	96.79	96.62	96.79	105.61 (21/1/94)	93.56 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1540.26	1543.06	1564.25	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	187.85	187.32	188.77	227.06 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4002.41 (4008.67) Low 3944.65 (3936.31) (Theoretical♦)
Day's high 3986.48 (3997.91) Low 3956.06 (3945.69) (Actual♦)

Standard and Poors	Mar 8	Mar 7	Mar 6	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	483.14	482.12	485.63	488.11 (24/2/95)	438.92 (4/4/94)	488.11 (24/2/95)	4.40 (1/6/32)
Industrials♥	574.43	573.09	576.57	576.57 (8/3/95)	510.05 (21/4/94)	576.57 (8/3/95)	3.62 (21/6/32)
Financial	44.90	44.93	45.63	48.94 (14/5/94)	39.87 (22/11/94)	48.40 (28/8/93)	8.64 (1/10/74)
NYSE Comp.	261.60	261.25	263.11	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	449.95	449.74	452.07	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	795.81	791.33	797.77	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Mar 3	Feb 24	Feb 17	Year ago
Dow Jones Ind. Div. Yield	2.73	2.69	2.72	2.62
	Mar 1	Feb 22	Feb 15	Year ago
S & P Ind. Div. yield	2.36	2.36	2.36	2.39
S & P Ind. P/E ratio	17.32	19.60	19.57	24.34

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Hanson	14,871,900	19⅝	+¼
RJR Nabisco	9,904,200	5⅝	+⅛
Toys R Us	8,898,500	24⅞	-1⅞
Compaq	6,769,300	32⅞	-1¼
Telefonos	6,632,900	24¼	-1⅜
Chrysler	3,948,600	41⅛	+¾
Wstn Co Na	3,887,100	20⅞	+1¼
Merck	3,665,500	42⅞	-¼
Ford Motor	3,452,400	25⅞	-⅛
Citicorp	3,307,000	40	-1

TRADING ACTIVITY

● Volume (million)

	Mar 8	Mar 7	Mar 6
New York SE	349.714	355.530	298.855
Amex	16.623	21.426	14.241
NASDAQ	288.753	305.149	241.732
NYSE			
Issues Traded	2,949	2,937	2,945
Rises	1,140	589	774
Falls	1,036	1,682	1,447
Unchanged	773	666	724
New Highs	35	35	53
New Lows	104	111	77

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Mar	483.30	483.30	-0.15	483.95	482.65	91,551	140,085
Jun	486.80	486.90	-0.45	486.90	485.80	21,707	82,326
Nikkei 225							
Mar	16800.0	16700.0	+80.0	16830.0	16660.0	8,497	71,034
Jun	16850.0	16770.0	+80.0	16890.0	16760.0	22,729	104,634

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. (A) Owing to problems at source, some French prices in today's FT are not closing prices.

TOKYO - MOST ACTIVE STOCKS: Thursday, March 9, 1995

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	26.7m	342	
Sumitomo Const	19.4m	785	+25
Penta Ocean	5.1m	781	+16
Hitachi	3.6m	848	+13
Gen Sekiyu	3.1m	924	+8
Fudo Const	3.1m	1100	+20
Misubishi Hvy	3.0m	616	-3
NKK	2.7m	246	
Toshiba	2.4m	600	+8
Chiba Bank	2.2m	745	[illegible]

4 pm close March 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14¼	13	AAR	0.48	3.7	23	141	13⅛	d12⅞	12⅞	-⅛
22⅛	19¼	ALPharmaA	0.18	0.9	262	543	21¼	20⅝	21	+⅜
38¼	35	AMP	0.92	2.4	21	1581	38⅛	37⅝	38	+⅜
62¾	53⅞	AMR			26	2906	60½	59¾	60⅞	+½
47⅞	41⅞	ASA	1.71	3.7	30	1693	46⅞	46	46½	+1
36	30¾	AbbotL	0.84	2.4	18	4871	35⅛	34⅝	34⅞	+⅛
14	12	Abitibi Pr	0.50	3.9	11	5612	12¾	12¼	12¾	+⅜
24⅜	22⅛	ABM Ind	0.60	2.7	13	43	22¾	22⅝	22⅝	-⅛
16⅝	14½	Acptncein			11	55	15	14¾	15	-⅛
25⅞	21⅞	ACE Ltd	0.44	1.9	7	170	23⅞	23¾	23¾	+⅛
9¾	8⅝	ACM Gvt In x	0.90	10.3	7	1175	8¾	d8½	8¾	+⅛
7½	6⅝	ACM GvOpp x	0.66	10.2		185	6⅝	d6½	6½	-⅛
7½	5¾	ACM Gvt Sp x	0.75	12.8		641	6⅛	5⅞	5⅞	-⅛
8⅝	7½	ACM Gvt Se x	0.90	11.8		1147	7⅝	d7½	7⅝	+⅛
8½	7⅝	ACM Man x	1.08	13.5		300	8	7⅞	8	
7⅝	7⅛	ACM Managd x	0.72	10.1		251	7¼	d7⅛	7⅛	
16¼	10¼	AcmeCv	0.48	3.4	8	196	14	13¾	14	
21½	12⅞	Acme Elect			20	221	18⅞	17⅞	18	-⅜
34½	31⅞	Acordia	0.72	2.1	17	2	33¾	33¾	33¾	-⅛
11⅜	8⅝	Actava	0.36	3.7	2	564	9⅞	9¾	9¾	
16¾	11⅞	Acuson			19	787	12¼	12	12⅛	+¼
16⅞	15⅝	Adams Expr	0.36	2.2	0	59	16¼	16⅛	16⅛	
68½	53	Ad Micro	3.00	4.5		33	66	66	66	
34⅞	25	AdvMic	3.00	8.8	10	13870	34¼	33¼	34⅛	+⅝
6⅜	5	Advest Grp	0.16	2.7	29	16	5⅞	5¾	5⅞	
19¾	16½	Advo Inc	0.10	0.5	15	259	18¾	18⅝	18¾	
70⅝	63⅞	Aegon ADR	1.47	2.1	13	16	69⅝	69⅜	69⅝	+¼
4⅝	3⅞	Aerfa			5	58	4¼	4⅛	4⅛	
[illegible]										

Continued on next page

NYSE COMPOSITE PRICES

4 pm close March 9

Continued from previous page

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
11 5/8	10 5/8	Salomon Br	0.38	3.4	23	228	11 3/8	11 1/4	11 1/4	
40 1/8	32 1/2	Salomon	0.64	2.0	8	3587	32 3/4	d32 3/8	32 1/2	-1/2
21 5/8	19 1/8	SnDgGE	1.58	7.6	17	351	20 3/4	20 1/4	20 5/8	+1/4
9 3/8	8	SantaFeERs	0.16	1.7	154	747	9 1/4	9	9 1/4	+1/4
12 3/4	9	SFeGd			25	8490	12 1/8	11 5/8	11 3/4	+1/8
36 3/4	33 3/4	SFePPipe	2.80	7.8	9	97	u36 3/4	36	36 3/4	+3/4
21 1/4	17 1/8	SanFeP	0.10	0.5	20	4081	21 1/2	21 1/4	21 1/2	+1/4
27 1/8	24 1/4	SaraLee x	0.68	2.7	51	5732	26	25 3/8	25 3/8	-3/8
45 1/8	42	Scana Corp	2.88	6.8	13	130	42 5/8	42 3/8	42 5/8	+1/8
16 3/4	14 1/2	Scecorp	1.00	6.5	10	3287	15 1/2	15 3/8	15 3/8	+1/8
11 1/4	8 1/4	SchwdkA	0.26	3.0	30	46	8 5/8	8 1/2	8 5/8	
48 1/4	42 7/8	SchersP			28	99	45 1/8	45	45	-1/4
79 1/8	71	SchPl	2.04	2.7	16	1867	77 1/8	76 1/2	76 5/8	-1/4
58 1/8	50 1/8	Schlmb	1.20	2.1	25	3608	57 5/8	56 3/4	57 1/8	-1/2
31	22 1/8	Schwab(C)	0.24	0.8	16	4088	29 7/8	28 5/8	28 3/4	-1 1/8
10 7/8	7 3/4	Schwitzer			8	38	10 1/8	9 7/8	9 7/8	-1/4
23 3/4	17 1/2	SciAtl	0.06	0.3	28	11886	22 1/4	22	22 1/4	+1/8
18 1/4	16 7/8	Scotman	0.10	0.6	12	126	u18 1/4	18	18	
83 3/8	67 1/8	ScottP	0.80	1.0	23	6139	u85 1/4	81 7/8	83 1/4	+1 7/8
30 1/8	26 7/8	Scripps	0.44	1.6	17	57	28	27 7/8	28	
21 1/2	14 3/8	ScuddrNAsF	0.02	0.1		144	15 3/8	14 7/8	15 1/8	[illegible]

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
87 1/4	61 3/4	TRW	2.00	3.1	12	333	65 1/8	64 1/2	65	+1/2
28 5/8	20	Taiwan Fd	0.02	0.1		665	20 1/4	d19 1/4	19 3/4	-3/8
10 1/4	7 3/8	Talleyind	0.42	4.5	72	117	9 3/8	9 1/4	9 3/8	
15 1/2	12 1/2	Talley Pf	1.00	6.9		3	14 1/2	14 1/2	14 1/2	
44 3/4	37 7/8	Tmbrds	1.76	4.1	17	784	43 3/8	42 7/8	43 1/4	+3/8
19 3/4	16	Tandem			10	1682	17	16 1/2	16 1/2	-1/4
52 7/8	44	Tandy	0.72	1.6	15	4157	45 5/8	44 7/8	45 1/4	+5/8
10 1/8	9	Taurus Mun	0.68	6.8		6	9 3/4	9 3/4	9 3/4	-1/8
3	2 1/4	TCCInd			75	14	2 1/4	d2 1/8	2 1/4	+1/8
22 1/8	20	Teco Energ	1.01	4.9	15	271	20 3/4	20 3/8	20 1/2	
38 3/4	31 3/4	Tktrnx	0.60	1.9	13	287	32 1/2	32 1/4	32 1/4	-1/4
25 1/4	24 1/4	TeleDa			2	2090	24 3/8	24 1/4	24 1/4	-1/8
23 1/2	20	Telcyn	0.40	1.8	148	1167	22 3/8	22 1/8	22 1/4	+1/8
39 3/8	33 1/4	TeleEspSA	1.09	3.1	6	2537	35 1/4	35	35 1/4	-1/4
41 1/2	24 1/4	Telmex	1.51	6.2		497088	24 1/4	d23	24 1/2	+1/4
51 1/2	43 3/8	Tmplnl x	1.08	2.3	19	1045	46 7/8	46 1/8	46 3/4	+3/8
20 3/4	16 5/8	TempltEmMk	0.10	0.6		420	17 1/4	d16 5/8	17 1/8	+1/2
6 7/8	6 1/4	TempltGlob	0.60	9.1		102	6 3/4	6 5/8	6 5/8	
6 7/8	6 3/8	TempltGlFd	0.60	9.1		727	6 3/4	6 5/8	6 5/8	
45 7/8	42 1/4	Tenneco	1.60	3.6	13	6571	44 3/4	44	44 3/8	-1/8
28 3/4	25 1/4	Teppco Pts	2.60	9.3	8	137	28 1/4	28	28	-1/4
39	32 1/8	Teradyne			20	5434	u39 1/4	38 3/8	39 1/8	+7/8

NASDAQ NATIONAL MARKET

4 pm close March 9

AMEX COMPOSITE PRICES

4 pm close March 9

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Adv Magn		61	190	u17 7/8	17 1/2	17 7/8	+1/4
Alfin Inc		5	2	3/4	3/4	3/4	
Alpha Ind		7	42	9 1/2	9 1/4	9 3/8	+1/8
Am Isr Pa	1.05	20	2	47 1/2	47 1/2	47 1/2	+1/2
AmMaize A	0.68	14	579	38	37 1/4	37 7/8	
Amdahl	0.05	18	1692	10 5/8	10 1/2	10 1/2	
Am Expl		1	89	7/8	d7/8	7/8	
Ampal-AmA		16	25	5 7/8	5 3/4	5 3/4	-1/8
ASR Inv	0.40	7	222	3 3/4	3 5/8	3 11/16	-1/16
Astrotech		22	30	2 13/16	2 7/8	2 7/8	
Atari		8	656	3 5/16	3 1/4	3 5/16	+1/16
AtlasCM B		0	54	1/4	1/4	1/4	
Audiovx A		2	288	6 3/4	d6 1/2	6 1/2	-1/4
B&H Ocean x	0.60	1	2	2 11/16	2 11/16	2 11/16	-1/16
BadgerMtr x	0.73	12	17	23	22 3/4	23	+1/4
BaldwnT A	0.04	19	134	5 5/8	5 1/2	5 1/2	
Barry RB		12	28	11 3/8	11 1/8	11 1/8	-1/8
BATadr	0.71	11	178	13 1/2	13 3/8	13 1/2	-1/16
Beard		8	2	u2 1/8	2 1/16	2 1/16	+1/16
Binks Man	0.40	19	2	21 7/8	21 7/8	21 7/8	
Bio-Rad A		13	21	26 3/8	26 1/8	26 1/4	
Blount A	0.57	15	57	44 1/8	43 3/4	44	+1/8
Bowmar		10	32	2 13/16	2 13/16	2 13/16	-1/16
Bowne	0.36	8	431	16	d15 1/2	15 3/4	-3/8
Brascan A	1.04	16	59	12 1/2	12 3/8	12 1/2	+1/8
Calprop		1	3	11/16	11/16	11/16	
Cambrex	0.20	14	188	28 3/4	28	28 3/4	+3/4
Can Marc	0.14	19	9	9 3/8	9 3/8	9 3/8	-1/8
Chmbrs A	0.01	3	558	4 1/16	3 15/16	4 1/16	+1/16
Chambers		8	48	4	4	4	
Champion		10	379	u35	34 1/4	35	+3/4
CircFin	0.04	20	216	16 1/2	16 1/8	16 1/4	-3/8
Coinl FdA	0.01		395	4 13/16	4 13/16	4 13/16	-1/8
Cominco	0.30	9	2	15 1/4	15 1/4	15 1/4	
CmpTch		42	330	5 3/8	d4 1/2	5 1/8	-1/4
Computrac		1	27	1 1/4	1 1/8	1 1/8	
Concd FdA		3	3	8 1/2	d8 1/2	8 1/2	-1/8
CrossAT A	0.64	23	138	14 5/8	14 3/8	14 1/2	
Crown C A	0.40	3	14	13 1/2	13 3/8	13 1/2	+1/4
Crown C B	0.40	11	61	13 3/8	13 3/8	13 3/8	+1/4
Cubic	0.53	26	18	18 7/8	18 7/8	18 7/8	
Customedix		10	12	2 5/8	d2 1/2	2 5/8	+1/8
Dl Inds		10	13	7/8	7/8	7/8	
Dimark		25	210	14 1/4	14	14 1/4	+1/8
Ducommun		12	2	5 7/8	5 7/8	5 7/8	+1/8
Duplex	0.48	8	8	u9 1/4	9	9	-1/4
Easto Co	0.46	13	10	13 1/8	13 1/8	13 1/8	
Echo Bay	0.07	137	8352	9 5/8	9 3/8	9 5/8	+1/4
Ecol En A	0.32	8	14	9 1/8	9	9 1/8	+1/8
Edisto Rs		12	70	6	5 7/8	6	
Elan		27	1197	u36 7/8	36 3/8	36 7/8	
EngySv		21	875	u13 1/2	13 1/4	13 3/8	
Epitope		11	418	19 1/2	19 1/8	19 1/4	-1/8
Fab Inds	0.64	12	30	29 7/8	d29 7/8	29 7/8	
Fina A	4.00	11	7	77 3/4	77 1/2	77 1/2	+1/8
FstCityBnc	0.20	9	14	11 3/4	11 3/4	11 3/4	
Fluke (J)	0.56	19	34	30 7/8	30 5/8	30 3/4	+1/4
Forest La		23	4387	47 7/8	47 1/4	47 1/2	+5/8
Frequency		3	10	4 1/4	4 1/4	4 1/4	
Garan	0.80	11	10	17 1/4	17 1/4	17 1/4	-1/4
Giant FdA	0.72	15	381	23 1/2	23 1/8	23 1/8	-1/4
Glatfltr	0.70	6	349	17	16 7/8	16 7/8	
Goldfield		2	30	11/16	5/8	11/16	+1/8
Greenman		8	z100	4 5/8	4 5/8	4 5/8	-1/16
Gulf Cda	0.34	3	108	3 1/16	3 1/16	3 1/16	+1/8
HanDir		16	236	2 7/8	2 3/4	2 13/16	
Hasbro	0.32	15	409	31 3/8	31	31 1/4	
Health Ch		21	10	3	3	3	+1/8
HlthcAm		0	153	3/8	d5/16	3/8	
Holco	0.15	14	46	12 1/2	12 1/8	12 1/8	-1/4
HovnanianA		11	217	5 1/2	d5 1/8	5 3/8	+1/8
InstronCp	0.12	16	13	11 7/8	11 5/8	11 3/4	-1/8
Int. Coms		10	2602	11	10 5/8	10 7/8	+1/8
Intermagn		73	193	11 3/4	11 1/8	11 3/4	+5/8
Ivax	0.08	30	1779	23 3/4	23 3/8	23 5/8	-1/8
Jan Bell		2	84	3 3/8	3 1/4	3 3/8	
Kinark Cp		29	25	3 3/8	3 1/4	3 1/4	
Kirby Exp		29	285	17 1/8	16 7/8	17	-1/8
KogrEq		30	97	7 3/8	7 1/8	7 1/8	-1/4
Labarge		11	31	1 3/8	1 5/16	1 3/8	+1/16
Laser Ind		8	15	5 1/4	5 1/8	5 1/4	
Lee Pharm		4	30	11/16	5/8	11/16	
Lumex Inc		15	85	12 3/4	12 3/8	12 1/2	+1/4
Lynch Cp		23	17	38 1/2	37 7/8	37 7/8	-7/8
Maxxam		2	16	27 1/2	d27 1/4	27 1/4	-1/4
Media A	0.48	25	191	32 3/4	32 1/2	32 5/8	+1/4
Mem Co	0.20	25	15	3 5/8	3 5/8	3 5/8	
MtwLb			17	7	d7	7	
Moog A		27	19	9 3/8	9 1/4	9 3/8	+1/8
MSR Expl		20	53	1 5/8	1 9/16	1 5/8	
Nat Pnt		4	377	2 1/16	1 15/16	2 1/16	+3/16
NY TmA	0.56	9	1504	20 3/4	d20 1/8	20 3/8	-1/4
NumacE		26	28	5 1/4	d5 1/8	5 1/4	-1/8
NVR		14	13	5 7/8	5 3/4	5 7/8	
Pegasus G	0.10	6	1864	11 1/8	10 7/8	11	+1/4
Perini	0.80	24	440	10 3/8	10 1/4	10 1/4	
Pittway A	0.50	13	337	45	44 3/4	45	-1/8
PMC	0.98	11	90	12 7/8	12 1/2	12 3/4	-1/8
PresidioA	0.10	1	173	1/4	1/4	1/4	
RaganBrad		18	z100	33	33	33	
RB&W Cp		34	493	8 5/8	8 5/8	8 5/8	
SJW Corp	2.16	11	2	34	33 7/8	33 7/8	
SthnUnion		19	35	16 5/8	16 1/4	16 1/2	
SWLife		1	898	1 5/16	1 1/16	1 1/4	
Tab Prods	0.20	12	3	u7 1/8	7 1/8	7 1/8	+1/8
Tel&Data	0.38	40	729	43	d42 1/2	42 7/8	+1/8
Thermedics		48	1144	u16	15 3/8	15 7/8	+5/8
Thermolns		27	83	33	32 1/2	33	+5/8
TotPNA	0.30	16	350	10 1/2	10 3/8	10 1/2	
TownCntry		2	110	1/2	d1/2	1/2	
Triton		2	295	u1 13/16	1 5/16	1 11/16	+3/16
Tubos Mex		3	1199	2 1/8	2 5/8	2 1/16	-1/16
TurnrBrA	0.07	108	549	17 1/2	17 1/4	17 3/8	-1/8
TurnrBrB	0.07	175	856	17 3/4	17 1/2	17 3/4	+1/8
UtdFoodsA		5	10	2 1/8	2 1/8	2 1/8	+1/16
UtdFoodsB	0.20	15	29	2 3/8	2 3/8	2 3/8	
US Cellul		154	397	32 1/2	32 1/4	32 1/2	
ViacomA		188	277	47 1/4	47	47 1/8	-1/8
ViacomB			5073	46 3/8	46 1/8	46 1/4	-1/8
WRET	1.12	13	109	12 5/8	12 3/8	12 1/2	+1/8
Xytronix		1	150	1 7/8	1 3/4	1 13/16	-1/16

AMERICA

Technology boost for Nasdaq index

Wall Street

US share prices were volatile in a narrow range yesterday morning on the heels of unsteady currency prices, *writes Lisa Bransten in New York*.

By 1 pm the Dow Jones Industrial Average was off 2.77 at 3,976.46. The Standard & Poor's 500 fell 0.28 at 482.86. The American Stock Exchange composite was up 1.04 at 450.99. Meanwhile, the Nasdaq composite lost 0.31 at 795.50.

Trading volume on the New York Stock Exchange came to 179m shares.

A rising bond market and steady dollar rates gave some early support to the Dow and the S & P 500, which tried through the early morning to hold its ground just above Wednesday's close. By late morning those indices had fallen into negative territory and stayed there until the early afternoon when they moved briefly positive. The indices, however, proved unable to sustain those levels as the dollar continued its slide against the D-Mark and the Japanese yen.

Many investors were awaiting February jobless figures due out this morning. The median economic forecast had the unemployment rate rising to 5.7 per cent from 5.6 per cent in January. Analysts believed that if unemployment was lower than expected it might spur the Federal Reserve to raise interest rates to help shore up the value of the dollar.

Rising technology issues helped the Nasdaq to outperform most other indices. At midday Apple Computer was up $1/16 at $40, Dell Computer increased $⅝ at $43 and Intel had gained $¾ at $79⅞.

Several high technology companies traded on the NYSE were also higher yesterday.

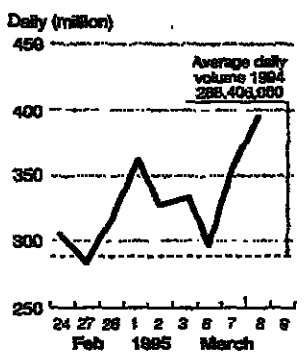
IBM, which is included in the Dow and was among the largest winners in that index, rose $1⅜ at $81¼, Digital Equipment was up $⅝ at $32¾, Compaq Computer climbed $¾ at $33⅝ and Hewlett-Packard was $⅞ higher at $119¼.

Shares in J.P. Morgan lost $1¼ at $61⅛ on rumours that the bank had substantial foreign exchange losses. A spokesman said that it was not Morgan's practice to comment on financial performance before the release of quarterly results "and we see no reason to depart from that practice today".

American depository receipts of Mexican companies touched new lows as the peso hit record weakness against the dollar. The benchmark Telefonos de Mexico lost $1 at $32¼, Grupo Televisa was down $⅝ at $12¼ and Empresas ICA fell $¼ at $4⅛.

Marvel Entertainment Group gained $⅞ at $16⅝ after the comic book company said it would buy SkyBox International for about $16 per share. SkyBox shares jumped $2⅞ at $15¾ on the news.

NYSE volume.



Canada

Toronto was mixed in midsession, still balancing excitement in gold against the trials of its financials and industrial stocks as the TSE 300 composite index rose 8.50 to 8,144.50 at 1300 local time.

Declining stocks outpaced advances by 259 to 250, with 288 unchanged.

Among gaining sectors, gold and precious metals led with a rise of 147.96, or 1.6 per cent to 9394.16.

At midday, turnover was light, with volume of 31.23m shares valued at C$382m. The Canadian dollar followed the weakness of its US neighbour, easing to C$1.4140.

Among active gold stocks, Barrick Gold improved C$⅛ to C$32¼ while Placer Dome gained C$1 to C$30⅝.

Placer Dome had said earlier that it expected to boost gold output to 1.9m ounces this year from acquisitions and expanded production.

Mexico edges higher

Mexican shares edged higher on arbitrage trade after the peso's steep fall in the foreign exchanges, and the IPC index was 10.59 ahead at 1,509.11 by late morning. Desc C shares led the advance with an 11.1 per cent rise after a Goldman Sachs recommendation.

SAO PAULO reversed an early upward move to fall 2.1 per cent in light midday trade as investors shifted their focus to the uncertainty still surrounding Brazil's new foreign exchange rate policy. The Bovespa index was 500 lower at 23,133 at 1 pm in volume of R$108.7m ($122.3m).

BUENOS AIRES was higher in brisk morning trade on reports that the government was close to securing loan agreements with international creditors. The Merval index rose 1.51 to 263.20.

S Africa broadly weaker

Johannesburg was broadly weaker, buying interest evaporating after gold fell and the financial rand rallied on renewed speculation about its demise. The overall index lost 41.9 to 5,222.3, industrials fell 25.9 to 6,572.9 and golds gave up 43.6 to 1,532.1.

De Beers was 50 cents lower at R81, Anglos lost R3 to R189 and Gencor was 10 cents softer at R12.25. Coal shares were mostly better on expected improved contract prices for exporters. Amcoal rose R1 to R245 and Ingwe collected 50 cents to R27.50. Amic rose R3 to R190 on its sharply higher earnings report.

EUROPE

Bourses hit by currencies, downgrades, rumours

More currency turbulence, brokers' downgrades and rumours of trouble in German futures and options trading gave bourses another unhappy day, *writes Our Markets Staff.*

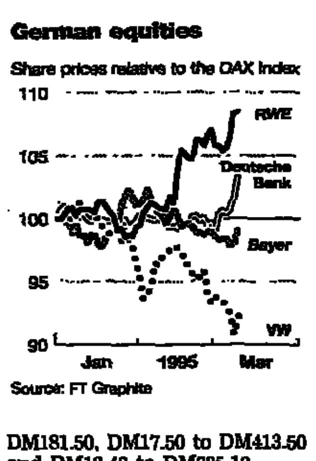
FRANKFURT regretted even the modest extent of Thursday's post bourse recovery and the Dax index, down 23.57 to 2,001.64 on the session, dived through 2,000 after hours to an Ibis-indicated close of 1,989.20, down 2 per cent.

Turnover eased from DM9.3bn to DM9.1bn. The recent currency turbulence, coupled with the level of the IG Metall wage settlement, prompted Berenberg Bank to revise its estimates for the Dax constituents: 1995 prospective earnings per share, on a crude average, came out 6 per cent lower than on the bank's earlier estimates.

The fiercest downward revision was 24 per cent for Volkswagen, which led the beleaguered automotive sector lower with a fall of DM14.20, or 3.9 per cent to DM346, BMW dropping DM28.60, also 3.9 per cent, to DM701.40.

Lufthansa, the flag airline, and Preussag and Deutsche Babcock in steel and engineering followed with Berenberg's expectations reduced by 22, 21 and 20 per cent respectively. The trio's shares fell by DM6 to DM181.50, DM17.50 to DM413.50 and DM13.40 to DM635.10.

German equities



Source: FT Graphite

Several of the defensives, banks, utilities and retailers came unscathed through the Berenberg revisions; once again, they fared better than average in share price terms yesterday.

PARIS dropped on the dollar's continued weakness and on two polls which put the Gaullist presidential candidate, Mr Jacques Chirac, ahead of the market favourite, the conservative prime minister, Mr Edouard Balladur.

The market had occasional bright spots, but they sparkled only fitfully as the the CAC-40 index fell 29.69, or 1.7 per cent to 1,727.07. For example, the car parts maker, Valeo, roared ahead in early trading on a 40 per cent rise in 1994 profits; but the shares closed just FFr1.90 up at FFr249 after a high of FFr257.

Alcatel Alsthom also closed well below its FFr400 high for the day, rising FFr1.60 to FFr393.10 on the view that the stock, depressed by a catalogue of woes, was intrinsically cheap. Meanwhile, the real mood of the day was expressed in a FFr10.10 drop to FFr331.30 in Lafarge, although the building materials group posted a 43 per cent gain in 1994 net attributable profits and looked forward to another good year in 1995.

The car assemblers, Renault and Peugeot, followed the lead of cyclicals elsewhere and fell by FFr4.80 to FFr162.30, and FFr13 to FFr640 respectively. Also threatened by dollar weakness, Rhone-Poulenc fell FFr3.40 to FFr111.60 after Goldman Sachs turned its attention from carmakers, where it recently downgraded Volkswagen, to the European chemical industry.

ZURICH tumbled 2.2 per cent in volume that picked up from recent low levels as foreign investors judged the time right to cash in currency related profits. The SMI index fell 54.3 to 2,461.5, with analysts continuing to revise down company earnings forecasts for 1995.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Mar 9 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1248.87	1247.73	1248.21	1239.59	1237.67	1234.71	1227.00	1227.91
FT-SE Eurotrack 200	1338.08	1335.99	1334.07	1327.13	1325.93	1324.18	1320.48	1314.73

	Mar 8	Mar 7	Mar 6	Mar 3	Mar 2
FT-SE Eurotrack 100	1243.54	1249.20	1261.18	1283.06	1298.79
FT-SE Eurotrack 200	1326.51	1337.90	1344.97	1361.12	1368.61

Base 1000 (26/10/90): Highday: 100 - 1250.43; 200 - 1340.15 Lowday: 100 - 1226.05 200 - 1314.09 † Partial

Industrials suffering heavy losses in response to the weak dollar included Sulzer registered, SFr48 or 6.4 per cent down at SFr697, and Holderbank bearers which lost SFr34 or 4.1 per cent to SFr790.

Among blue chips, Roche certificates lost SFr135 to SFr6,400. Nestlé fell SFr45 to SFr1,113 and UBS bearers gave up SFr16 to SFr1,031, both pressured by expiring warrants.

Against the trend, Brown Boveri picked up another SFr17 to SFr1,060 in further response to ABB's 1994 results which came in at the top end of expectations. In **STOCKHOLM**, Asea A rose SKr9 to SKr552 as the Affärsvärlden index dipped 16.6 to 1,439.9 in response to a weaker krona and bonds.

MILAN was lower on technical factors, dollar weakness and continuing political uncertainty.

The Comit index lost 1.15 to 618.29, but the real-time Mibtel index finished 139 down at 9,780, as selling accelerated when the index dipped below support at 9,880.

Telecoms were sold by foreign investors, said to be nervous at the Mediobanca-led consortium's offer to buy out the state's stake in Stet to ease its privatisation. Stet ordinary shares fell L174 to L4,463 while the savings shares lost another L167 to L3,528 as investors speculated that no conversion would be offered under a Mediobanca deal.

Gemina, the financial holding company, lost L59 or 4.8 per cent to L1,161 after a press report that its publishing arm had lost more than expected last year.

Fochi, the troubled engineering group in urgent talks with banks on fresh credits, tumbled L237 or 13 per cent to L1,592 as the absence of developments unnerved investors.

AMSTERDAM went up on the dollar's overnight gains, and slumped as the US currency lost its grip again, the AEX index peaking at 399.35 before closing 3.28 lower on the day at 392.71, setting its second consecutive 1995 closing low.

Investors were becoming nervous that the guilder, pegged to the D-Mark, was out-perfoming other currencies and making Dutch goods expensive in many export markets. However, financials were also out of sorts: ABN Amro fell 40 cents to Fl 57.60 on results as expected, Fortis Amev by Fl 2.90 to Fl 71.10 and ING, following its Barings acquisition, by Fl 1.30 to Fl76.30.

TEL AVIV extended its recovery to 8.7 per cent this month with the Mishtanim index up another 3.92, or 2.55 per cent to 157.84 in volume up from Shk62m to Shk93m. Yesterday's incentive was a 6.5 per cent gain in Teva Pharmaceuticals to Shk87.911 as the company moved closer to marketing a new multiple sclerosis drug, Copaxone, in the US and Canada.

Written and edited by William Cochrane and Michael Morgan

ASIA PACIFIC

Rebound in $ lifts Nikkei as Hong Kong jumps 1.9%

Tokyo

As the rebound of the dollar against the yen and higher future prices prompted bargain hunting and short covering, the Nikkei index closed moderately higher, *writes Emiko Terazono in Tokyo.*

The 225 average rose 141.77 to 16,763.08 after a low of 16,675.84 and a high of 16,839.32. Domestic brokers and retail investors sought construction stocks and issues linked to domestic demand, countering foreign selling of high-technology exporters.

Volume totaled 266m shares against 330m. Traders said that most investors remained cautious ahead of today's March futures settlements, as many market participants expect arbitrageurs to unload long positions.

The Topix index of all first section stocks rose 5.62 to 1,341.75 while the Nikkei 300 edged up 1.05 to 247.28. Gainers led losers by 661 to 299 with 193 unchanged.

In London, the ISE/Nikkei 50 index rose 2.79 to 1,095.99.

The lull in the dollar's decline against the yen relieved investors; it fell to a record level of Y89, but rebounded to the Y91 level on short covering. However, selling by exporters, looking to make forward agreements for the April-June quarter, was expected to limit any recovery above Y95.

Heavy electricals bounced back on bargain hunting by individual investors and dealers. Hitachi gained Y13 to Y848 and Fujitsu Y8 to Y875. However, some consumer electronics makers were lower on overseas selling, with Sony down Y70 to Y4,220 and TDK losing Y10 to Y4,020.

Construction companies were traded actively by private investors and brokerage dealers. Some investors were turning to the construction issues again as interest rose in domestic demand related stocks, unaffected by currency fluctuations. Sumitomo Construction rose Y25 to Y785, and Penta-Ocean Construction by Y16 to Y781.

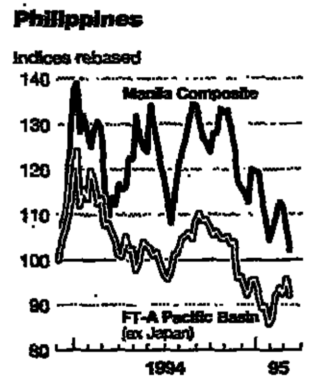
In Osaka, the OSE average rose 86.89 to 18,756.40 in volume of 181.8m shares. Shima Seiki rose Y200 to Y5,650 but Murata Mfg declined Y40 to Y3,260. Autobacs Seven, a car parts maker, jumped Y340 to Y9,260, breaching the Y9,000 level for the first time in five trading days on buying by foreign and individual investors.

Roundup

The firmer dollar had a positive impact in some regional markets.

HONG KONG received a late boost from demand for Hutchison amid speculation about a covered warrant on the issue by a European brokerage house. The Hang Seng index jumped 146.8 or 1.9 per cent to 8,076.79 but turnover was a slim HK$2.1bn compared with Wednesday's HKHK2.8bn.

Philippines



Source: FT Graphite

Hutchison advanced 90 cents to HK$31.60 while HSBC rose HK$1.25 to HK$79.25.

Utilities were also firm with their sectoral sub-index up 2.2 per cent. China Light jumped HK$1.50 to HK$36.90.

Haeco added to Wednesday's 14 per cent plunge with a fall of HK$1.25 or 5.6 per cent to HK$21 in further response to the disappointing 1994 results.

KUALA LUMPUR turned higher as foreign demand re-emerged for blue chips and plantations, regarded by many overseas investors as low priced. The composite index rose 16.16 at 951.21 but volume dropped to 125.8m shares against more than 160m on Wednesday.

SEOUL was higher for the seventh straight session as investors bought cars, shipyards and steel companies which are beneficiaries of the strong yen. The composite index added 3.67 to 943.75, after a downward technical correction during the session was overwhelmed by the strength of manufacturing stocks.

Posco, the steelmaker, gained Won1,000 to Won61,800 and Hyundai Motor advanced Won300 to Won40,800.

SINGAPORE managed to recoup some of its early losses although brokers said that no real institutional buying was seen.

The Straits Times Industrials index closed 7.36 ahead at 2,070.74, recouping some of Wednesday's 1 per cent fall while the UOB OTC index, tracking Malaysian stocks, closed 21.53 or 2 per cent up at 1,082.60 as speculators continued to push stocks higher.

MANILA dropped 1.7 per cent to a 16-month low on broadly based selling initiated by foreign investors, the composite index closing 41.72 lower at 2,370.06 as volume firmed to 1.77bn shares worth 1.16bn pesos. The declining peso, and the possibility of another US interest rate rise were behind the decline.

BANGKOK's SET index recovered 8.07 at 1,214.94; but Tipco Asphalt lost another Bt13 to Bt170 after suspension as it strove to correct market talk about its losses.

TAIPEI reversed early gains to close below the 6,400 support level on market speculation that the central bank might soon raise the rediscount rate. The weighted index fell 37.71 to 6,388.36, turnover easing from T$33bn to T$28bn.

Textiles and financials were hit most severely. The most active stock, Hualon Corp lost 50 cents at T$33, and Medium Bank Kaohsiung plunged by the daily seven per cent limit to T$140.50.

SYDNEY moved from strength to weakness in resources as the All Ordinaries index ended 5.7 lower at 1,877.5. Golds were primarily responsible for resources weakness with, the golds index closing 26.8, or 1.6 per cent lower.

Australis, the pay-tv operator, rocketed up by 25 cents to A$1.05 the announcement that News Corp, and the Australian government-owned Telstra Corp will acquire stakes in the company. Lend Lease, the property and financial services group, recovered 10 cents to A$15.80 after being sold down after the replacement of its managing director.

SHANGHAI's domestic A shares index lost 2.6 per cent in a powerful technical correction after the heavy gains since the start of last week. The index lost 16.504 to 625.137. **SHENZHEN**'s A share index was 3.2 per cent lower.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY MARCH 8 1995 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY MARCH 7 1995 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	161.12	-0.5	147.15	92.32	116.06	145.06	-0.7	4.10	161.96	147.89	93.86	117.26	146.03	190.82	157.95	176.83
Austria (16)	192.22	-0.2	175.55	110.14	138.46	138.43	-0.7	1.17	192.56	175.83	111.59	139.41	139.39	198.89	167.46	187.01
Belgium (36)	175.81	0.9	160.65	100.79	126.71	124.38	0.0	4.45	174.29	159.15	101.00	126.19	124.37	177.04	161.53	167.27
Brazil (28)	94.43	-9.4	86.24	54.11	68.02	154.28	-9.4	2.20	104.18	95.13	60.37	75.42	170.28	-	-	-
Canada (103)	126.91	1.0	115.90	72.71	91.41	129.69	0.3	2.69	125.64	114.72	72.81	90.96	129.32	141.01	120.54	135.95
Denmark (33)	263.88	0.2	240.99	151.20	190.07	199.92	-1.1	1.55	263.34	240.46	152.60	190.66	202.25	275.27	236.61	268.86
Finland (24)	182.00	-0.3	166.22	104.28	131.10	164.86	-1.4	1.27	182.59	166.73	105.81	132.20	167.14	201.41	133.68	152.57
France (101)	167.21	1.1	152.71	95.81	120.44	129.38	0.3	3.53	165.44	151.07	95.87	119.78	128.95	181.44	157.79	176.87
Germany (58)	153.04	-1.0	139.77	87.69	110.24	110.24	-1.5	1.90	154.61	141.18	89.60	111.94	111.94	154.61	132.08	133.18
Hong Kong (56)	324.05	-2.6	295.95	185.68	233.42	321.61	-2.6	4.12	332.60	303.71	192.74	240.81	330.12	419.14	277.40	419.14
Ireland (16)	210.73	-0.6	192.46	120.75	151.79	183.69	-0.2	3.57	212.04	193.62	122.88	153.52	184.23	217.10	177.56	190.54
Italy (58)	72.66	-0.8	66.36	41.63	52.34	89.53	-0.9	1.74	73.23	66.87	42.44	53.02	90.33	97.78	67.25	75.17
Japan (484)	147.87	-0.2	135.04	84.72	106.51	84.72	-1.3	0.90	148.12	135.26	85.84	107.24	85.84	170.10	136.95	154.06
Malaysia (97)	463.14	-1.9	422.98	265.37	333.61	454.58	-1.8	1.87	472.01	431.01	273.53	341.74	462.83	594.76	398.16	495.93
Mexico (18)	699.52	-2.1	638.85	400.81	503.87	5158.70	-1.6	2.11	714.22	652.17	413.88	517.09	5243.69	2414.12	699.52	2284.09
Netherland (19)	232.41	0.2	212.26	133.17	167.41	164.88	-0.5	3.70	231.85	211.71	134.36	167.86	165.47	232.41	191.28	200.57
New Zealand (14)	72.62	-0.6	66.32	41.61	52.31	59.80	-0.6	4.93	73.08	66.73	42.35	52.91	60.15	77.20	62.05	69.51
Norway (23)	207.53	-0.6	189.53	118.91	149.49	174.09	-1.7	2.26	208.87	190.72	121.04	151.22	177.13	216.09	177.53	196.67
Singapore (44)	349.57	-2.1	319.25	200.30	251.80	229.39	-2.1	1.87	357.23	326.20	207.01	258.64	234.42	401.38	294.66	330.80
South Africa (59)	323.15	1.3	295.12	185.16	232.76	266.28	-0.2	2.55	319.11	291.39	184.92	231.03	266.78	342.00	205.55	262.31
Spain (38)	127.87	-1.7	116.78	73.27	92.10	123.88	-2.1	4.59	130.07	118.77	75.37	94.17	126.59	150.21	124.87	144.96
Sweden (46)	237.55	2.0	216.95	136.11	171.12	251.34	0.6	1.95	232.82	212.59	134.92	168.56	249.81	247.40	196.70	219.35
Switzerland (47)	179.09	-0.4	163.56	102.62	129.00	128.27	-1.1	1.90	179.86	164.23	104.23	130.22	129.74	179.86	149.91	164.27
Thailand (46)	137.08	-3.1	125.19	78.55	98.74	131.75	-3.3	3.23	141.48	129.19	81.99	102.44	136.26	-	-	-
United Kingdom (204)	196.88	0.4	179.80	112.81	141.82	179.80	0.4	4.41	196.09	179.06	113.64	141.97	179.06	206.58	181.11	199.44
USA (513)	197.59	0.2	180.46	113.22	142.33	197.59	0.2	2.86	197.20	180.07	114.27	142.77	197.20	199.82	178.95	189.55
Americas (662)	180.24	0.1	164.61	103.27	129.83	161.44	0.1	2.85	180.00	164.36	104.31	130.32	151.28	-	-	-
Europe (720)	173.83	0.1	158.75	99.60	125.21	144.84	-0.3	3.28	173.64	158.56	100.62	125.72	145.30	176.01	160.59	169.45
Nordic (126)	229.00	1.1	209.14	131.21	164.95	202.02	-0.3	1.60	226.59	206.91	131.31	164.05	202.54	235.72	197.70	213.08
Pacific Basin (609)	155.29	-0.4	141.82	88.98	111.86	94.22	-1.4	1.28	155.94	142.40	90.37	112.91	95.53	176.86	145.93	184.14
Euro-Pacific (1529)	162.92	-0.2	148.79	93.35	117.35	113.70	-0.8	2.17	163.22	149.04	94.59	118.17	114.74	175.14	154.73	166.19
North America (616)	193.22	0.2	176.46	110.71	139.17	192.98	0.2	2.86	192.77	176.02	111.71	139.56	192.59	195.38	175.67	186.22
Europe Ex. UK (516)	157.32	-0.1	143.67	90.14	113.32	124.52	-0.7	2.64	157.41	143.73	91.21	113.96	125.43	158.19	144.12	149.89
Pacific Ex. Japan (325)	229.25	-1.8	209.37	131.36	165.13	202.59	-1.8	3.41	233.37	213.10	135.24	168.96	206.29	273.13	211.19	262.00
World Ex. US (1737)	162.78	-0.2	148.66	93.27	117.25	116.64	-0.9	2.19	163.08	148.91	94.50	118.07	117.71	176.65	155.42	167.73
World Ex. UK (2046)	170.84	-0.1	156.03	97.89	123.06	136.52	-0.6	2.22	171.00	156.14	99.09	123.80	137.45	178.59	163.46	171.51
World Ex. Japan (1766)	188.31	0.0	171.98	107.90	135.64	175.00	-0.2	3.04	188.30	171.94	109.12	136.33	175.34	192.00	176.34	186.46
The World Index (2250)	173.14	0.0	158.12	99.20	124.71	140.48	-0.5	2.43	173.21	158.17	100.38	125.41	141.20	180.80	165.32	173.96

Latest prices were unavailable for this edition.

JOBS: The science of identifying, creating and selecting model employees

Shaping a brave new world of work

Finding a recruitment tool that will effectively select the right candidate for the right job has proved one of the elusive goals of occupational psychologists.

Dismissive of the imperfections of the interview, they have chosen to concentrate much of their research on the development of psychometric tests.

There are some good tests on the market. When tests are used wisely, perhaps in conjunction with assessment centres where applicants can be thoroughly tested in job simulation exercises, it is possible to find most of the qualities you are seeking.

The only difficulty with assessment centres is that they are time consuming and costly and are really only cost effective for large, usually graduate, intakes.

Ability tests are good at measuring a limited number of abilities such as numeracy and verbal reasoning but they are unable to cover a broad cross section of qualities and traits. Personality tests may highlight behavioural traits but they tend to depend on the honesty of the candidate and some have proved fakeable to varying degrees.

Separately, all these components of effective recruitment would seem to have their limitations. However many tests you have at your disposal, none of them is likely to be effective if you have not identified what qualities you are seeking.

Leonard Kristal has a softwear package that he claims does the whole lot. He calls it a computerised human resource management system. From the evidence of a short demonstration, it looks as if he might have something special.

It is not all his own work but was devised in a two-year collaboration with Prof Paul Bindler, a psychologist at the City University of New York, Prof Shlomo Breznitz, one of the world's leading authorities on stress management, of Haifa University, and an Israeli software programmer who has been involved in developing systems for Israeli Air Force pilots.

Kristal, a psychologist and former publisher, says that the Israeli connection was a crucial part of the development. Psychometric testing is an integral part of many recruitment practices in Israel, particularly in the military. Israeli matriculation results are only part of the qualification for university. They are assessed alongside performance in ability tests.

"Psychometrics in Israel are light years ahead of us," he says. "It is a part of their culture. They cannot afford to make mistakes with the recruitment of fighter pilots, for example. They cannot afford to lose an aircraft."

In the past year, however, the system, called Powermatch, which is to be marketed by the Kristal Corporation, has been developed for recruiting spot traders (people who handle daily currency trades) in a program centred upon Bankers Trust.

The first job was to determine what qualities distinguished the best traders from the ordinary ones. Those familiar with the competency movement will know that much of the early development work in this field was carried out by David McClelland, a Boston-based psychologist whose system of determining competencies by interviewing good and ordinary performers in specific roles is used today by Hay/McBer, the management consultants.

The Powermatch system also sets out to identify competencies, but uses a battery of tests to sift out common traits or skills shared solely by the best performers. This provides a template which can be matched against job candidates who take other computerised tests that measure the desired qualities. Kristal calls the process modelling and matching.

Whether this approach is the most effective is debatable. McClelland himself believes that using tests to identify required competencies is inferior to discovering them in an interview where people explain what they actually do.

The tests Kristal demonstrated to me were specifically designed to identify spot traders for Bankers Trust. Some, such as a spatial ability test, were familiar. Others were more like computer games.

One of them involved the appearance of dots, emerging like tiny stars on the screen. As more dots appear a figure begins to be distinguishable. As soon as the figure is recognisable, the candidate has to key in what it is.

The test is repeated with follow-on images. While some have a right or wrong answer, others behave differently. One image looked like a car so I wrote "car". But it continued to develop until it emerged as a tortoise.

This figurative test measures an array of abilities that previous analysis has identified as important or desirable qualities in a trader. Detecting change on a screen was seen as important. So was the ability to readily admit mistakes – a quality that may have been lacking in the trades that led to the collapse of Barings. The car which becomes a tortoise is an apparent mistake deliberately planted in the system to test the response of the candidate. Had the candidate written tortoise, the program would have created a final image of a car.

Another test has a screen scattered with the letters A and B, seemingly at random only more of one letter are in the upper than the lower half. The difference becomes increasingly obvious in successive images. The skill is to judge the split correctly as quickly as possible.

A more practical test simulates a trading screen, with fluctuating exchange rates for dollars and deutschmarks. The candidate has several million of either to trade. The aim is to make the highest gains possible in five minutes with constantly changing rates. Identifying patterns of falling or rising rates is useful here. The screen tests can be varied by removing the time indicator in one corner or – and this seems particularly cruel – progressively speeding up the clock to pile on the pressure.

Computer simulation tests are not new. British Airways has been running a computerised selection system for pilots for several years. Similar systems are also used in the US to select air traffic controllers. What seems particularly impressive about the Powermatch system is the sophistication with which it combines a whole array of testing measures and its adaptability for different types of job.

Kristal says: "I put in a call to the Test and County Cricket Board. I thought they might need help. If we could template the Ian Bothams of this world, it might revive the fortunes of the England team. They didn't call back."

He says, however, that the system was used successfully in an organisation seeking to fill a marketing vacancy. It was persuaded to look in-house instead of advertising or engaging headhunters.

There were 92 candidates from different parts of the company. The individual whose attributes most closely matched the profile for a successful marketing executive was a young telephone switchboard operator called Sally, says Kristal.

With the sort of fairy tale consequences that happened when the glass slipper was fitted to Cinderella, she was, as Kristal puts it, "yanked off the switchboard and put into marketing training". He adds: "The thing was that neither the management in the organisation nor Sally, for that matter, was aware of her real potential. This system was able to identify it."

One thing the system cannot do, as Kristal admits, is tell recruiters whether an individual will stay with the company – a perennial problem in trading rooms.

If this is the sort of sophistication that testing can now achieve, it would appear to have important implications for career development. Will managements be tempted to clone whole departments in the image of a successful trader? Will job matching in future be developed to such a degree that people receive classifications as to type? Aldous Huxley's Brave New World may be nearer than we think.

For further information about Powermatch telephone Leonard Kristal 0171 483 1768.

Richard Donkin

Sales Person - Metals

Global Banking Group

Attractive Salary + Bonus Package — **City**

Rare opportunity for experienced salesperson to join Far East team of leading LME trading house..

THE COMPANY
- Global banking group. Headquartered in London.
- Prestigious non ferrous metals trading subsidiary.
- Performance driven, highly profitable metals business.

THE POSITION
- Key sales and client liaison role in specialist Far East team.
- Build and manage own client base. Support other team members.
- London based with need for regional travel.

QUALIFICATIONS
- Graduate. Fluent written and spoken Japanese essential.
- Must have several years' experience in LME traded metals, preferably gained in specialist Far East team.
- Superb sales and communication and presentation skills. Tenacious, energetic, driven, resilient.

Please send full cv, stating salary, ref CP0946, to NBS, 10 Arthur Street, London EC4R 9AY

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- Rapid growth of retail banking, consumer lending, and credit/charge card businesses.
- Retail banking markets are complex, multicultural and dynamic.

THE POSITION
- Lead credit response to rapid market developments. Key role in senior management team.
- Responsible for quality, control and risk management of all consumer, card-product and business assets. Set strategy and direct implementation.
- Manage business credit managers and other specialist credit functions. Enhance sophistication of credit scoring, forecasting and management information systems.

QUALIFICATIONS
- Highly numerate graduate with min 10 years' senior level experience in credit/risk management with high volume, full service, international consumer bank.
- Sharp intellect, technically superb. Combine sophisticated pc, modelling and theoretical skills with pragmatism and sure commercial judgement.
- Fluent written and spoken English. Effective manager of people and resources. Energy, commitment and ambition. Extensive travel required.

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The Whitney Group, one of the world's leading Executive Search groups, now wishes to expand its Selection business both in Europe and world-wide. We need to recruit Experienced Selection professionals of the highest quality in a range of financial, industrial and commercial sectors.

Candidates should have spent at least three years as a professional in Selection and, preferably, have had previous experience with a relevant industry.

We are also interested in candidates with proven managerial skills who have ambitions to play a leading role in the future expansion of the Selection business.

Attractive remuneration packages will be offered to successful candidates, commensurate with ability and experience.

To apply, please write enclosing a detailed curriculum vitae and indicating your current remuneration package, to: The Managing Director, Whitney Selection 17, Buckingham Gate, London SW1E 6LB, quoting reference WS/179.

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The Toronto-Dominion Bank is a highly rated Canadian Bank with a well established presence in London and other major financial centres.

The Bank now seeks a Corporate Dealer to join the Treasury Sales Team. You will be responsible for both existing and new UK and Continental European customers, and as such should be fluent in either German or French.

Ideally the successful candidate will be highly motivated with excellent communication skills and at least two-years prior experience in a Sales Team. An indepth knowledge of treasury products including Foreign Exchange and Money Markets is essential.

This post represents an outstanding opportunity to develop your career with a dynamic Bank committed to relationship management in Europe.

Remuneration will include a highly competitive base salary, potential for a performance related bonus coupled with the full range of banking benefits.

Interested Candidates should submit a Curriculum Vitae to Betty Smithies
at Toronto-Dominion Bank, Triton Court, 14/18 Finsbury Square, London, EC2A 1DB.
All applications will be treated in the strictest of confidence.

Tel: 071 920 0272 — Fax: 071 638 5569

CJA

RECRUITMENT CONSULTANTS GROUP
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Tel: 0171-588 3588 or 0171-588 3576
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Excellent opportunity to establish a team and build a reputation in this competitive environment

SYNDICATIONS - EUROLOAN MARKETS

CITY — **BASE £50,000-£70,000 + CAR**

MAJOR INTERNATIONAL BANK

We invite applications from degree qualified candidates with at least 5 year's experience in the European syndications market. As the selected candidate you will need to have excellent communication and leadership skills and the ability to analyse markets and to react promptly to business opportunities. You will be required to work closely with the Bank's marketing group which covers mainly UK plus Scandinavia, Central and Southern Europe, the Middle East and South Africa. *You must be able to demonstrate a first class transaction record. Strong credit and risk management skills are essential*, as is the ability to price and structure transactions. Also, you will need to be computer literate, (including financial modelling), and have an understanding of the legal implications of both sovereign and corporate syndicated lending. **Ref. SS5025/FT**

BASE £30,000-£50,000

This same client also seeks applications from similarly qualified candidates with 18-24 months experience. **Ref. JS5026/FT**

For both these vacancies initial remuneration is negotiable, plus bonus and fully competitive banking benefits package. **Applications in strict confidence quoting the appropriate reference to the Managing Director, CJA.**

FORWARD FOREIGN EXCHANGE

Senior Dealer

Handelsbanken Markets is looking to expand further its trading capabilities in the UK by the new appointment of a Senior Forward Dealer.

The position will report to the Head of the desk and will involve active participation in the inter-bank market while providing competitive quotes to corporate clients.

The chosen candidates will be in their mid 20's to mid 30's with a successful track record of trading forward EMS/Scandinavian currencies. It is likely that this experience will have been gained at an active trading institution with a high market profile utilising the full range of FX/MM products to hedge the trading book.

A highly competitive salary is on offer together with an excellent range of banking benefits.

Please send CVs in confidence to Judy Welch, Head of Personnel, Svenska House, 3-5 Newgate Street, London EC1A 7DA or telephone Bengt Waller, Head of Foreign Exchange, on 0171 457 5505.

Handelsbanken Markets

SENIOR DERIVATIVES FUND MANAGER

Gandon Fund Management Limited

GANDON

Gandon Fund Management Limited is Ireland's leading Futures Funds Manager. Funds under management now exceed US$180m, placing Gandon, in terms of money under management, in the top 5 in Europe and the top 25 in the world. It operates out of Dublin's International Financial Services Centre and due to continued expansion we now have a vacancy for a Senior Derivatives Fund Manager.

The Position

This is a senior position in an active dealing room which specialises in trading client's capital in the international currency, interest rate and equity derivative markets.

All trading is conducted within a disciplined risk management framework. While there is a strong emphasis on discretionary/fundamental trading, there is also some reliance on systems trading.

The Person

The successful candidate will join a strong and effective dealing team in a dynamic trading environment and is likely to be an Associated Person of the NFA, with at least 3 years active experience of trading in derivative markets, ideally with a knowledge of options trading.

While you will join a team with strong internal information structures and support, you will be given demanding, yet realistic personal profit targets to achieve.

We will provide an excellent remuneration package including performance bonuses, at a level which will attract the very best candidates. If you are interested please send your CV to our consultant, who will deal with your application in strictest confidence and will only release your name to Gandon with your permission.

Jim Kirwan,
ICO Personnel Management Services,
132 Lower Baggot Street, Dublin 2.
Fax: 010 353 1 676 8327.

ICO

INTERNATIONAL LENDING MANAGER

Salary Negotiable

Our client is a leading international bank which controls its European, African and Middle Eastern activities through headquarters based in London. To assist with further expansion of its business the Bank wishes to recruit an additional lending manager.

With responsibility primarily for marketing and client liaison, you will be expected to generate new lending opportunities throughout your designated area. In addition, utilising sound credit skills and possessing an eye for detail you will take these deals through to documentation.

The post would be most suited to ambitious and competent bankers, aged around 30, who can demonstrate success and shrewd judgement both in business development and credit assessment. The candidate ideally will be a graduate with fluency in a second European language.

A competitive benefits package will be offered to attract the right candidate.

Please contact Brenda Shepherd

Fax 0171-626 9400 — Cleary Court, 21-23 St. Swithin's Lane, London EC4N 8AD — Telephone 0171-626 1161

Financial Recruitment Consultants

SHEPHERD LITTLE

CORPORATE FINANCE EXECUTIVE

West Country stockbroker with offices in Exeter, Dorchester and Bournemouth seeks a new recruit to its expanding corporate finance team.

Our existing clients have a wide variety of requirements and there is considerable scope for business development. We can offer an attractive working environment and a salary commensurate with the qualifications and experience of the successful candidate.

Applicants should write to:
Michael Phillips, Christows Limited
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UK Investment Company require UK and European Equity Fund Manager to manage £100 million of funds

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I. D. E. A.

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Sales skills: - Solid, proven, track record

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Technical Expertise:- Sound knowledge in working of FX, Bonds or Option markets gained in major financial institution(s).

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Extremely competitive package (basic + commission), with considerable responsibility, located in major capital centres.

Please apply in writing by 17th March to S. Beri, I.D.E.A., Lincoln House, 296 High Holborn, London, WC1V 7JH or Fax 071 917 6633.

Business Development Managers

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Excellent Packages **City**

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THE COMPANY
- UK banking group with strong international presence.
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THE POSITION
- Innovative provision of broad range of international trade and banking services. Strong sales support teams.
- Work closely with Relationship Managers to develop client base and cross-selling opportunities.
- Operate effectively at senior corporate levels. Lead presentations and pitches.

QUALIFICATIONS
- Graduate calibre, preferably ACIB. Record of success in creating and developing corporate relationships. Proven business winner.
- Experience gained in challenging banking environment with strong focus on trade finance. Sound credit training.
- Highly motivated, ambitious, results-oriented team player with excellent communication skills. Total client credibility.

Please send full cv, stating salary, ref CP0943 for large corporate team and CP0944 for midsized corporate team to NBS, 10 Arthur Street, London EC4R 9AY

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A vacancy arises due to an impending retirement, for a person who will provide effective Secretarial and administrative support to the UK Group.

The position reports to the Company Secretary and entails working closely with senior management, and requires maturity and business acumen, coupled with a hands on approach and leadership of a small department. It offers good prospects of further career progression.

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- Compliance with Companies Act and Stock Exchange requirements
- General company secretarial work
- Pension scheme administration
- Personnel management
- Share option schemes

The successful candidate will be a graduate calibre qualified Chartered Secretary, Chartered Accountant or have a legal qualification. He/she will have at least 5 years post qualification experience in company secretarial services and corporate work within a medium to large size PLC, and have excellent administrative and communication skills.

In addition to a competitive salary and company car, MEPC offers an attractive range of benefits associated with a leading property company.

Please apply in writing, quoting current salary and enclosing a full curriculum vitae to:-

J P M Lee, Company Secretary, MEPC plc,
12 St James's Square, London SW1Y 4LB.

MEPC

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BUSINESS DEVELOPMENT MANAGER

AT&T Capital Corporation, a global financial services and leasing company, seeks a high calibre project finance professional to originate European business opportunities in the telecommunication and industrial sectors.

Ideal candidates will have 5 to 10 years of cross-border project finance experience with demonstrated achievements in identifying business opportunities, risk analysis and deal structuring. This new position requires a self-starter with excellent communication and negotiation skills. Fluency in several European languages is desirable.

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Please contact BRIAN GOOCH or send detailed CV's. All enquiries treated in strictest confidence.

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A prominent Central European Bank invites applications for 3 vacancies, which exist in its London and Prague offices.

LONDON

CREDIT MANAGER **SALARY C.£35,000 + BONUS**

Promotion has produced a vacancy for an experienced and committed credit officer to assist with the development and control of the commercial loan portfolio. Although the position is essentially one of the new business evaluation,Credit Administration also features. The successful candidate will be:

- *familiar with cashflow analysis and forecasting models.*
- *the holder of at least 5 years' credit analysis experience and 10 years commercial banking experience.*
- *able to motivate and control junior colleagues.*
- *in possession of excellent written and oral communication skills.*
- aged between 35 to 45 years.

Write to Box A5056, Financial Times, One Southwark Bridge, London SE1 9HL

PRAGUE

Permanent positions have arisen in the credit and lending areas due to further expansion of the office. For either position, the successful candidate will be:

- educated to university degree level.
- a qualified Chartered Accountant or similar.
- fluent in English or German; a working knowledge of Czech would be a distinct advantage.
- have excellent all around communication skills.
- aged between 25 and 45 years.

HEAD OF CREDIT **SALARY C£37,000 + BONUS + ACCOMMODATION**

The Head of Credit will be responsible for leading a team of credit analysts, for credit administration and will also be involved in the review of deal structures. In addition to the above qualities, the successful candidate will possess a strong credit background gained in credit analysis, transacting, corporate finance or international audit compliance.

SENIOR LOAN OFFICER **SALARY C. £33,000 + BONUS + ACCOMMODATION**

The Senior Loan Officer will be responsible for transacting business with existing and new clients and for generating new business. The successful candidate will have several years experience in credit analysis, transacting or corporate finance and have particularly good inter-personal skills.

Please apply with CV to Box A5057, Financial Times, One Southwark Bridge, London SE1 9HL

Marketing/Sales Executive

Private Trusts

Competitive salary, car and benefits • Suffolk base

Royal Exchange Trust Company is a member of the Guardian Royal Exchange Group; the private trust arm of our international insurance company is based in Ipswich, Suffolk. *We require an experienced Marketing/Sales Executive to be responsible for identifying and developing new strategies* and products in order to generate new business, whilst heading a small team of senior colleagues engaged in promoting and selling these products throughout the U.K.

An intensive period of training will be given, but in order to make immediate contribution to the business the successful candidate will ideally:

- Be able to demonstrate at least 5 years' experience in the financial sector with particular reference to the organisation and selling of private client portfolios.
- Be Threshold competent and work under IMRO rules, or equivalent.
- Have an in-depth knowledge of stock exchange investments.
- Demonstrate commercial flair, considerable tact and first class interpersonal and communication skills.
- Experience of Trust Law would be an advantage.

Although nominally based in Ipswich, the applicant will conduct business in all areas of the U.K for which a car will be provided.

The post carries with it a competitive salary and benefits package to reflect the importance of the role.

Interested applicants should send full career details to: Miss S-J Hutchinson, HR Co-ordinator, Guardian Investment Holdings, c/o 84 Princes Street, Ipswich, Suffolk, IP1 1RY. Closing date for applications: 22 March 1995.

Guardian
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CARD MANAGER

Ambitious, self-directed, early to mid-thirties. Commercially astute, hands on, strong analytical skills. Creative, entrepreneurial and strategic thinker. Affinity with youth travel and a multi-cultural environment. Fluent written and spoken English. Communicative and able to motivate others. Not afraid of long hours and frequent travel. At least four years' successful experience in marketing, brand or product management, preferably in card-related or financial services or in the travel industry.

FIYTO, the Federation of International Youth Travel Organisations, seeks a Card Manager for its GO25 Card. This international youth travel card enjoys worldwide distribution and entitles the holder, anyone under 26, to a variety of travel-related discounts and services.

Based at the International Secretariat in Copenhagen, the Card Manager develops:

- **Market strategy and positioning**
- **Sales initiatives and support material**
- **Card benefits and discounts**
- **Card production and distribution**

Send your CV and salary history before 31 March to:

The Secretary General/CMGO25
FIYTO,
Bredgade 25H,
1260 Copenhagen K,
Denmark
Fax: (+45) 33 93 96 76

FIYTO

Corporate Finance - France

Mitsubishi Finance International, the London-based securities and derivatives subsidiary of The Mitsubishi Bank Limited, is active in the new issue Eurobond market, especially in the Euro Yen sector. The Corporate Finance team is responsible for originating fixed income products from a European client base and for marketing derivatives to selected clients.

We seek a fluent French speaker (ideally a French national) with a postgraduate business degree, to market the above products to French clients. Probably in your late 20s - early 30s, with ideally 5 years plus similar experience in a major Eurobond house, you have previously developed a client base in France. You have a proven track record of debt origination and execution of derivative transactions.

Please send CV and letter (no agencies please) to:
Rita Morris
Personnel Manager
Mitsubishi Finance International plc
6 Broadgate
London EC2M 2AA
Fax: 0171-782-9150

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To help us service our expanding business in the UK and abroad we are seeking an experienced person to join our small team.

This is a high profile position, requiring good communication and interpersonal skills. The successful applicant will have a proven track record in our field of training or in a related area, probably with some market experience as well.

We offer an attractive remuneration package and excellent career prospects to the right candidate. Please send or fax your full CV by 17th March 1995 to:

Carolyne Locher, Administration Manager,
Chisholm Roth & Company Ltd.,
54 Warwick Square, London SW1 2AJ
Fax: 0171 630 0163

RESEARCH SALESMAN SPANISH EQUITIES

London

The Société Générale group has a network of equity dealing businesses in Europe's main financial centres integrated under the name of Société *Générale Equities & Derivatives* (SGED).

Société Générale Equities *International (London) is an important part of that network and is seeking to recruit an* experienced research salesman to specialise in the Spanish equities sector. The post will involve:

- Servicing own UK, US, and Italian client base
- Provide own UK clients, London sales staff and group Research Analysts with daily market, political, economic and corporate *comments for Spain*
- *Produce monthly* Spanish stock and market commentary and corporate studies for UK client consumption

Candidates should have/be:

- *MBA graduate (preferably in* Finance or Economics)
- fluent Spanish and Italian speaker with intermediate French language skills
- min 4 yrs experience in Spanish equities market
- strong, established, UK, US and Italian client base
- proven analytical and marketing skills

The role will be supported by daily contact with SGED's analytical teams throughout Europe and will aim to provide the highest quality service and advice on Spanish equity investment to clients.

For further details, please contact Head of Personnel, Société Générale Equities International Limited, Exchange House, Broadgate, London EC2A 2DD.

SOCIETE GENERALE EQUITIES & DERIVATIVES

Société Générale Equities International Limited is a member of the Securities and Futures Authority and the London Stock Exchange

▪ INTERCAPITAL ▪

REPOS

Intercapital is looking for a highly motivated experienced broker for its repo desk. Fluency in at least one European language or Japanese is important. A competitive remuneration package will be offered to the right candidate.

Please reply confidentially, in writing, to:
Susan Calveley, Intercapital Repos, Park House, 16, Finsbury Circus, London EC2M 7DJ.

Investment Managers

Czech & Slovak Republic Based

Investment Managers will be expected to have experience in deal origination, syndication, leading negotiations and supervising legal documentation of investments. They will also be expected to manage the existing portfolio and will report to the Investment Director. Venture capital, investment banking and corporate *restructuring backgrounds are relevant* and candidates will be expected to be highly motivated self-starters.

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Bloomberg
FINANCIAL MARKETS

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Russian Speaker **Based London**

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Interested applicants must have an indepth knowledge of the Russian securities markets, speak fluent Russian and have an appreciation of the application of technology based solutions within the financial markets.

Bloomberg is a young dynamic company and it is important that you are highly *motivated with a commitment to developing your career within a demanding yet stimulating environment.*

Apply to The Freshman Consultancy during office hours or send your CV by post or fax, quoting reference FT/M.

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The Freshman Consultancy, Coppergate House, 16 Brune Street, London E1 7NJ
Telephone: 0171-721 7361 Facsimile: 0171-721 7362

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FIXED INCOME ORIGINATION

PaineWebber International (U.K.) Ltd is a major full service securities firm. Following the acquisition of Kidder Peabody's fixed income operations, we are now looking for an experienced professional to join the Capital Markets team covering Southern Europe.

The ideal candidate will have a successful track record in marketing, good existing relationships with recognised issuers and the capability of developing financial proposals for international corporations and banks.

Applicants should have a good degree, fluency in English and at least one other European language and excellent analytical and numerical skills. Exceptional presentation skills, both written and oral, are of utmost importance.

Please write, enclosing a detailed Curriculum Vitae, to: Personnel Department, Ref: CM1/RD, PaineWebber International (U.K.) Ltd, 1, Finsbury Avenue, EC2M 2PA.

PaineWebber

DC GARDNER

Investment Management: Managing Consultant

Capital Markets/Treasury: Consultant

City based with frequent international travel

DC Gardner, a division of Euromoney and a leading provider of financial training is seeking a Managing Consultant to head up its new Investment Management/Equity Analysis unit and a Consultant to join its Investment Banking team.

Consultants at DC Gardner create and deliver highly tailored training programmes at all levels for financial institutions. Managing Consultants additionally head up a profit centre. Candidates for both positions will need to demonstrate a high level of technical expertise gained by several years front office experience in a dealing room or as a fund manager. Significant exposure to derivatives and a good academic background are essential. Although training experience is not a requirement candidates must have the personal enthusiasm and credibility to communicate technical expertise in an authoritative and professional manner.

These positions are likely to appeal to self motivated candidates wishing to embark on a positive career change yet capitalising on their previous market experience.

An attractive compensation and benefits package is offered. Please reply by March 24th with CV and stating which position you are applying for to: Bernadette Swithenbank, DC Gardner Training, Nestor House, Playhouse Yard, London EC4V 5EX.

INTERNATIONAL INVESTMENT STRATEGIST

Paris based

Our client, a well-known International Bank active in Private Banking, is looking for an international Strategist. Aged about 35, he will report directly to the General Manager and will be in charge of:

- Defining Asset Allocation recommandations

- Analysing and selecting international investment products (Fixed income, Equities, Currencies)

Fluent in both French and English, he will be graduated from an MBA (or equivalent) and will have 5 years experience in Asset Allocation, Financial Markets and Products Structuration.

An attractive package is proposed.

COR'EX - Cécile DEBELLEIX
11, avenue Myron Herrick
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COR'EX

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To be considered, you must have first hand practitioner experience of at least three product areas gained in a truly international context, combined with the relevant human resource competencies.

Please write to Box A5094, Financial Times, One Southwark Bridge, London SE1 9HL

CAA Civil Aviation Authority AUSTRALIA

The Civil Aviation Authority is a Government Business Enterprise responsible for the provision of air traffic services and safety regulation for Australia's aviation industry. The Government has announced the establishment of an independent Aviation Safety Authority in 1995 to perform the safety regulation function. The remaining services comprising air traffic, rescue, and fire fighting will remain the responsibility of the CAA (which will be renamed).

Chief Executive Officer

The CAA is seeking to appoint a new Chief Executive Officer. This is a position of national importance because of Australia's reliance on efficient air transportation and the contribution it makes to the economy as a whole. Even after the separation of the safety regulation function, the organisation will have an annual turnover of more than $500M and staff in excess of 4,000.

The successful applicant, who will be appointed as Chief Executive Officer of the CAA will:

- ➤ Have demonstrated their management skills as a senior executive in a large technically complex organisation;
- ➤ Be an effective communicator and leader able to handle issues in both political and consumer oriented environments;
- ➤ Be able to create a good work environment and a strong management team;
- ➤ Have commercial skills gained in either the private or public sector;
- ➤ Take a strategic approach to the management of the organisation;
- ➤ Display a confident knowledge of safety issues gained in aviation or a similarly complex industry.

The remuneration package will reflect the importance of this national role.

The initial appointment is for a term of up to five years and the location is Canberra. Qualified candidates are invited to apply in writing by 31 March, 1995. Applications should be addressed to:-

Mr Lynn R. Anderson
Russell Reynolds Associates Inc.
Level 19, AMP Centre, 50 Bridge Street, Sydney NSW 2000 Australia

The Civil Aviation Authority is an Equal Opportunity Employer

ACCOUNTANCY APPOINTMENTS

DEPUTY FINANCE DIRECTOR

Surrey / Sussex **£50,000 + car**

Our client is the key multi-sited operating division, with turnover of c £300m, within a large and successful service orientated blue chip plc. The company has experienced year on year increased profitability servicing a wide customer base.

The division now seeks to fill the new appointment of Deputy Finance Director who will report directly to the Divisional Finance Director and whose prime role, as his right hand, will be to upgrade and direct the implementation of a wide programme of change embracing stronger management information, financial controls and business support to the Divisional Board and operational line managers.

Candidates, probably aged mid/late 30's must be graduate accountants with a progressive career from a large company plc, embracing multi-sited operations. The appointee will have a strong background in management accounting, control and reporting in an operational environment with direct support for senior line management. The ideal candidate will be experienced in project control, large integrated financial systems and in activity related costing techniques. This role is exceptionally challenging, demanding persistency, energy and enthusiasm in a fast changing environment. Candidates with a hunger to lead conceptually and drive in practical solutions will relish this high profile challenge.

Please write enclosing full curriculum vitae quoting ref 636 to: Philip Cartwright FCMA, Cartwright Consulting, 3 Wigmore Place, Cavendish Square, London W1H 9DB Tel: 0171 371 9476 Fax: 0171 371 9478

CARTWRIGHT CONSULTING
FINANCIAL SELECTION & SEARCH

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Andrew Skarzynski on +44 171 873 4054

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GROUP FINANCE DIRECTOR

Herts **over £100,000 + package**

This is an exceptional opportunity to join a well known UK group as their Group Finance Director. Working closely with other members of the Group Board, among your responsibilities will be helping to ensure that the company achieves its planned growth. This will be accomplished through strong financial planning and control and assisting in the identification and successful realisation of new business or project opportunities.

You will work alongside motivated directors who have a commitment both to the success of the group and to their individual areas of responsibility.

The role will encompass all financial and treasury functions together with financial systems, and a staff of over forty will report to the position.

You must be a graduate calibre chartered accountant and probably over 45, who already has board level responsibility in a substantial and profitable group. In addition to the general financial management skills you have developed, you should be able to demonstrate experience of corporate finance, developing successful banking relationships and financial systems.

Above all, you should be diplomatic, practical, mature in your outlook and able to work in a professional environment where the main proprietors are active managers of the business.

If you feel that your experience and personal attributes match this exacting brief, please send a copy of your CV with current salary package details and a recent colour photograph to Bruce McKay, quoting reference 3451, at Touche Ross Executive Selection, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Touche Ross
Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

Financial Accountants

PLC Head Office (based C. London)

Newly/Recently Qualified ACAs **c £32,000 + Car**

PARKWELL

Our client is an outstanding financial performer within the food, drinks and leisure sector. With a multi-billion pound turnover, a range of market leading brands and a dynamic business strategy, this is an extremely exciting time to join.

Following recent promotions they now require two new recruits to join the small, high profile Head Office financial accounting team. The team is responsible for the provision of routine and ad hoc financial information in support of the Finance Director.

The roles will involve extensive liaison with other Head Office functions and operating units. Tasks will include assisting with the planning, operation and production of the consolidated group statutory accounts, detailed analytical reviews, interpretation of accounting standards and the introduction and maintenance of group accounting procedures. You will also be required to advise and assist with projects of an ad hoc nature including acquisitions and disposals.

Candidates should be newly/recently qualified ACAs with 1 to 2 years post qualification experience and a good range of financial accounting skills.

The organisation has a strong commitment to staff development and training and they provide an excellent range of staff benefits. These are rare opportunities to fully develop your long term career potential within a leading PLC.

Interested applicants should send their CV to:
Andrew Fisher, Parkwell Management Consultants Ltd
3 Catherine Place, Westminster SW1E 6DX. Tel: 0171 233 5207. Fax: 0171 233 5205

BUSINESS FINANCIAL CONTROLLER

BARCLAYS

c£45,000 + substantial benefits + car
Cheshire

A Catalyst For Change

Barclays is one of the largest financial service companies in the world, employing some 97,000 people. The Group comprises not only the UK retail bank but also the largest credit card company in Europe and a major investment bank as well as an insurance company, leasing and factoring companies, a unit trust business, and has offices in over 70 countries, in the European Union, Africa, the Caribbean, Asia Pacific and the USA.

In April 1994, Martin Taylor, the Chief Executive, orchestrated a re-organisation of the group with the purpose of refocussing the bank to more effectively meet its customers' requirements. This led to the creation of Group Operations and Technology (GOT).

G.O.T. is a commercially focused multi-million turnover organisation, responsible for defining IT strategy for the bank. As a leading-edge provider of high level computer operations and network solutions, it is selling to a growing internal and external market.

The pace and depth of this change has necessitated the recruitment of a high calibre Business Financial Controller.

The scope for innovation and individuality clearly projects this role beyond the day-to-day management of a finance function. Reporting to the Financial Director and supported by a highly qualified team, you will be a key influence on senior executives in providing direction relating to business activities.

This includes control of:-

- Financial issues relating to external business
- The changing cost base and its drivers
- Contract management
- Pricing of all products and services.

You will be a graduate calibre qualified Accountant, whose task-oriented, straight talking approach has marked you as a recognised achiever in a commercial environment. Your adept political skills, combined with a first rate ability to communicate with all levels of staff, will facilitate your desire to develop and impact on real business issues.

This role not only provides an excellent opportunity to move into a fast growth area, but you will be expected to develop further within Barclays Bank Plc. To reflect the quality of individual, the package will equate to c£60,000.

Please apply, enclosing full CV, to Andrew Mackie at Robert Half, Brook House, Spring Gardens, Manchester M2 2BQ, or telephone 0161 236 0101 (24hr answering service), alternatively fax your CV on 0161 236 1024.

As retained consultants, any CV's submitted directly to our client will be forwarded to Robert Half.

ROBERT HALF FINANCIAL RECRUITMENT

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SENIOR AUDIT MANAGER

Attractive salary plus car **Surrey based**

The Rank Organisation is one of the world's leading leisure and entertainment companies, with over 20 separate businesses and some 700 outlets in the United Kingdom, Europe and North America.

Rank's Internal Audit department represents a cost effective and professional service which provides Group and subsidiary management with an independent appraisal on the adequacy and effectiveness of internal financial controls. Reporting to the Director of Internal Audit, you will be responsible for motivating, co-ordinating and leading the Business Systems Audit team in providing audits of subsidiary head office functions and also corporate departments.

This is a high-profile role, requiring excellent communication skills, strong business awareness and excellent systems knowledge. Previous audit and staff management experience is essential, as well as a recognised accountancy qualification, preferably ACA. It is considered unlikely that candidates under the age of 30 will possess the necessary experience required. You will also need to be prepared to travel throughout the UK and overseas.

The benefits package includes a fully expensed car or car allowance, share options (subject to qualifying period), free medical insurance, permanent health insurance and a range of pension options.

Please send full CV, with current salary details to Neal Young, Personnel Controller UK, The Rank Organisation Plc, York House, 45 Seymour Street, London W1H 6BB.

The Rank Organisation

CONTROLLER / TREASURER

Great Lakes Chemical Corporation, a Fortune 300 company, is looking for the Controller/Treasurer for its Hungarian Subsidiary, Chemol Rt.

Chemol is a group of companies involved in international trading with a turnover in excess of $200 million and employing about 200 people.

The Controller/Treasurer is a member of the senior management team and has full financial responsibility for the Hungary parent company and its international subsidiaries.

The position requires a highly motivated individual with relevant experience in a large US or UK Corporation. Fluency in English is essential and the ability to speak German or Hungarian would be an asset. You should be a qualified accountant with at least 5 years post qualifying experience and have a good working knowledge of EDP.

Based in Budapest, you will benefit from a competitive full expatriate package. Promising career opportunities will be offered within the Great Lakes Chemical Group.

Please write providing a full CV including current salary to:

Great Lakes Chemical (Europe) Ltd.
attn: Mr Peter Willmann
Po Box 44, Oil Sites Road
Ellesmere Port
South Wirral L65 4GD

Great Lakes Chemical (Europe) Ltd.

CHIEF ACCOUNTANT

circa £30K

Eurolink Group Plc, fast-developing specialists in the supply of IT Human Resourcing (from contract consultants to fully managed outsourced projects) and with a turnover of £35 million within financial year 1994-1995, have a career opportunity for a young, dynamic, qualified accountant who, working with our Financial Director, will manage the Group accounts and implement SAGE software.

Essential to the role is 3-5 years relevant experience and expertise with SAGE or similar software. Please forward your CV with a covering letter identifying the importance of your application for this outstanding career opportunity to:

Anne Copeland, Human Resources Manager
Eurolink Group Plc
Blenheim House, 56 Old Steine, Brighton BN1 1NH
Fax: 01273 778464

Excellent Package

THE BODY SHOP

Littlehampton, Sussex

Global Sales
General Manager, Finance and Franchising

The Body Shop is a unique concept which now comprises 1213 stores in 45 countries with worldwide retail sales of almost £500 million. This position represents an exceptional opportunity for a talented finance professional to play a key role supporting sustained growth and development of the brand and global network.

THE ROLE

- Reporting to the Board member responsible for global sales and functionally to the Group Finance Director, responsible for providing a commercially-focused financial management and control service including liaison with head franchisees on all financial matters.
- Managing financial and commercial aspects of corporate development, including reviewing financial performance of franchised and owned retail networks worldwide, and evaluating new territories.
- Advising and representing the head franchisees on operational matters, analysing local pricing and systems issues and generating workable solutions.

THE QUALIFICATIONS

- Highly commercial graduate ACA/MBA with a first-class track record of applying financial control in a fast-moving, expanding yet maturing global business. Experience in retailing and understanding of international franchising concepts advantageous.
- Gifted relationship builder with special interpersonal skills and strong work ethic. International in perspective and knowledgeable of global socio-economic trends and issues.
- Pragmatic, sensitive and determined team player. Motivated by stretching personal and business objectives. Self-starter attracted to a dynamic culture that rewards initiative. Prepared to travel regularly from a UK base.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. [illegible],
16 Connaught Place,
London W2 2ED

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c. £65,000 package + benefits *Quoted Plc* *London*

Group Financial Controller

Excellent opportunity for a first-class financial professional within a revitalised plc with a portfolio of successful businesses across the UK, Europe and North America. Working closely with and deputising for the Group FD in the financial management and control of the group, with a strong commercial focus, requiring regular visits to subsidiaries and involvement with the top management team and the acquisition programme.

THE ROLE

- Responsible for all statutory and management reporting and control. Overseeing the annual planning and budgeting cycle and maintaining technical accounting excellence within the group.
- Managing the highly-qualified, small central finance team and providing guidance to the overseas financial controllers. Enhancing management information systems, refining both the analysis and presentation of information.
- Conducting business evaluations, capital investment appraisals and assisting on varied projects. Developing a knowledge of the international markets, so as to contribute to the strategic and business thinking.

THE QUALIFICATIONS

- Technically excellent ACA, with analytical skills and experience at the centre of an international group, including the monitoring and consolidation of the results of overseas subsidiaries.
- Excellent at leading and motivating a team, setting priorities and high performance standards. MIS literate, with fluency in French and/or German an advantage.
- Intellect and flexibility to learn quickly and take on greater responsibility, contributing across a broad front to the success of a business.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. [illegible],
16 Connaught Place,
London W2 2ED

Finance Professionals

Our client is a world renowned manufacturer of high quality consumer durables. Its UK business is responsible for sales and distribution of the full range of products and turnover exceeds £0.5 billion. Rapid growth and recent changes in management have created the need for more sophisticated reporting and two new, key members of the finance team are now required.

Finance Manager

c.£40,000 + Car & Benefits **West London**

THE POSITION

- Full responsibility for financial management of £400 million turnover division.
- Strong commercial remit. Build relationships with operational management to promote excellence in financial matters.
- Specific brief to improve forecasting and management reporting. Facilitate incisive information flow to strict deadlines.

QUALIFICATIONS

- Qualified accountant, aged 30+. Commercially and technically strong. IT literate.
- Minimum 5 years' experience of financial and people management from large, tightly controlled organisation.
- Confident and results-driven with first class communication and influencing skills. Stature to be credible at all levels.

Ref: P1048

Financial Accountant

c.£35,000 + Car & Benefits **West London**

THE POSITION

- Broad-based exposure to all areas of financial accounting, including taxation, treasury control and accounts payable.
- Manage and motivate a small team. Build relationships with external advisors.
- Drive improvements in systems, procedures and internal controls to meet the changing needs of the business.

QUALIFICATIONS

- Technically strong ACA, age 27-35. Big 6 background. Ideal first move from the Profession.
- Robust yet diplomatic. IT literate. First class leadership and communication skills.
- Highly motivated. Ambitious for further development.

Ref: P1049

Please send full cv, stating salary, quoting relevant reference, to NBS, 54 Jermyn Street, London SW1Y 6LX

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EXECUTIVE SEARCH & SELECTION

Finance Director

Package to £70,000 + benefits Bristol

A real chance to influence change

A successful business...

Although we say it ourselves, we're quite a success story: a £1 billion turnover division of a major plc, we have enjoyed ongoing improvements in profitability and market share. We're the single largest business in our sector in the UK with an enviable range of market leading products. We're also recognised as the leading-edge technology player enabling us to supply, through our 40 locations, the highest quality product to our nationwide customer base.

Still going through change

As our Head of Finance and a key member of the Divisional Board, we'll be looking to you to help drive our efficiency up and our costs down. We want you to revisit our IT provision and review our management information systems. We want you to empower local finance staff at our manufacturing and distribution centres, particularly with a view to improved working capital management. We want you to contribute to the general management of the division, developing strategy and challenging ideas. Importantly, we'll be giving you the chance to really make a difference, to put your plans into action.

Change you can drive...

A graduate qualified accountant, you will be able to demonstrate considerable experience of multi-site manufacturing and distribution, ideally in a semi-autonomous environment where matrix management is key. Your track record is blue chip and may include working at divisional level – although we'd quite like to give you the chance to step up to this role. You have driven change, particularly in IT, and you're temperamentally suited to a lean culture where "hands-on" means "get on with it".

Success you can share

If you can convince us that you're right for the job we'll reward you well. Excel in the role and we'll want to make the most of you, probably as a general manager elsewhere in the group. The first step down that road is to write to Mark Hartshorne at the address below, quoting reference D/0056, and making your case. Alternatively, call him on 0121 232 2225 for a confidential discussion.

Executive Search & Selection,
Price Waterhouse,
19 Cornwall Street, Birmingham B3 2DT.

BUSINESS ANALYST

Manufacturing

South West

£40,000 Package

Our client is an extremely fast growing subsidiary of a world leader in the design, manufacture and sale of communications equipment. The Group has a 60% world-wide market share, sales of US $170 million and is quoted on the NYSE.

To perpetuate this growth across its European markets and to strengthen its breadth and depth of analytical expertise, the Company is seeking to appoint a commercially minded, strategically driven professional, to this new role, who will contribute strongly to its future growth and development. Reporting to the Manager – Finance and Administration – the role will focus on performance, measurement and analysis, together with the development of quality costing and project management mechanisms.

Candidates should be highly commercial Graduate Accountants/MBA Qualified who can demonstrate a record of achievement within a multinational company. A strong ambition for a role offering front-line business exposure and career development will be expected.

*Interested candidates should write promptly, enclosing a full curriculum vitae, quoting reference 011068 to **Debra Spurway** at Harrison Willis, West India House, 2-4 Welsh Back, Bristol BS1 4SS.*

HARRISON WILLIS

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Corporate Treasurer

Major Financial Services Group

circa £50,000 + Bonus, Car & Benefits **London**

Ideal development opportunity for top class professional seeking broader management experience in the Treasury field.

THE COMPANY

- Highly profitable subsidiary of major international banking group. Market leader in its own right.
- Investing heavily to enhance pre-eminent market position. Expanding European operations.
- Upgrading Treasury and related activities to gain significant competitive advantage for the group's asset generating units.

THE POSITION

- Spearhead the strategic development of both a dynamic externally focused funding operation and an internal Consultancy Service.
- Initiating and managing cross-functional projects to develop the group's funding infrastructure.
- Maintain relationships with providers of funds. Liaise with Group marketing units, adding Treasury experience to help identify new added-value opportunities.

QUALIFICATIONS

- High calibre graduate, preferably ACT qualified. Broad corporate treasury or consultancy experience.
- Strong business management perspective with first class analytical and communication skills. Must be able to manage change.
- Self-motivating. Keen interest in developing Treasury's contribution in its wide sense to the management of this diverse group.

Please send full cv, stating salary, ref IN2644, to NBS, 54 Jermyn Street, London SW1Y 6LX

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Group Finance Director

Excess £150,000

- Mid 250 Plc
- IT Systems and Software
- Worldwide operations
- Thames Valley based

An outstanding individual is required to head up the complete finance role at Group Headquarters. We are looking for an intelligent, commercial accountant who will have the necessary experience to meet the high demands of this position. The company is well known, well established and successful.

Please apply with full CV to: Box A5053, Financial Times, Number One, Southwark Bridge, London. SE1 9HL.

FINANCE DIRECTOR
(M.D. DESIGNATE)

O.T.E. £42,000 + BENEFITS WEST LONDON

FOR TWO COMPANIES WITH STRONG GROWTH

The Samuelson Group plc supplies the film, television, conference and theatre industries around the world, and has achieved substantial success in 1994.

We need to recruit a successor to the F.D. for two of our West London companies, with the intention of the candidate taking over as Managing Director in due course.

We are looking for a Graduate ACA, probably 35-45 with substantial I.T. knowledge and a proven record of strategic planning based on good financial analyses. Some experience of other aspects of general management - sales, marketing, site, asset control and Health and Safety legislation would be valuable.

We offer a substantial basic salary, bonus and executive car in two exciting companies that will enjoy strong growth over the next three years.

Please send full CV to:
Sarah Guinness, Samuelson Group plc,
c/o 13 Field Way, Bristol Road, Greenford, Middlesex, UB6 8UN.

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Sam Morris on +44 171 873 4027